

# The Real Estate ANALYST

AUGUST 30  
1946

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends. Constantly measuring and reporting the basic economic factors responsible for changes in trends and values....Current Studies....Surveys....Forecasts

Copyright 1946 - by ROY WENZLICK & CO. - Saint Louis

VOLUME XV

REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

## LOCAL BUSINESS MEASURED BY DEPARTMENT STORE SALES

DEPARTMENT store sales on the average in the United States have increased by 27.5 per cent in the last year. A part of this increase is, of course, due to the increase in general prices, but since the cost of living has increased in the same period by only 8.7 per cent, the chances are that not over one-third to one-half of the increase in department store sales can be attributed to the increase in price, leaving the balance as an actual increase in physical volume. On eight pages in this report the figures for department store sales are charted city by city for principal cities. On each of these charts the blue line represents the trend in the individual city; the red line (the same on each chart) represents the trend of all department store sales in the United States. A few charts on these pages contain no blue line. These charts represent cities for which local figures are not yet available, but we believe that figures in these cities will be available in the near future. The red line on the chart shows the national average only.

These charts are not adjusted in any way for population changes. The rapid increases in department store sales in some cities were due primarily to the fact that these cities have increased rapidly in size during the period covered by the chart. The figures were plotted month by month for each city but were then smoothed to eliminate minor fluctuations. In a few cities only annual figures are available and in these cities the lines run very smoothly.

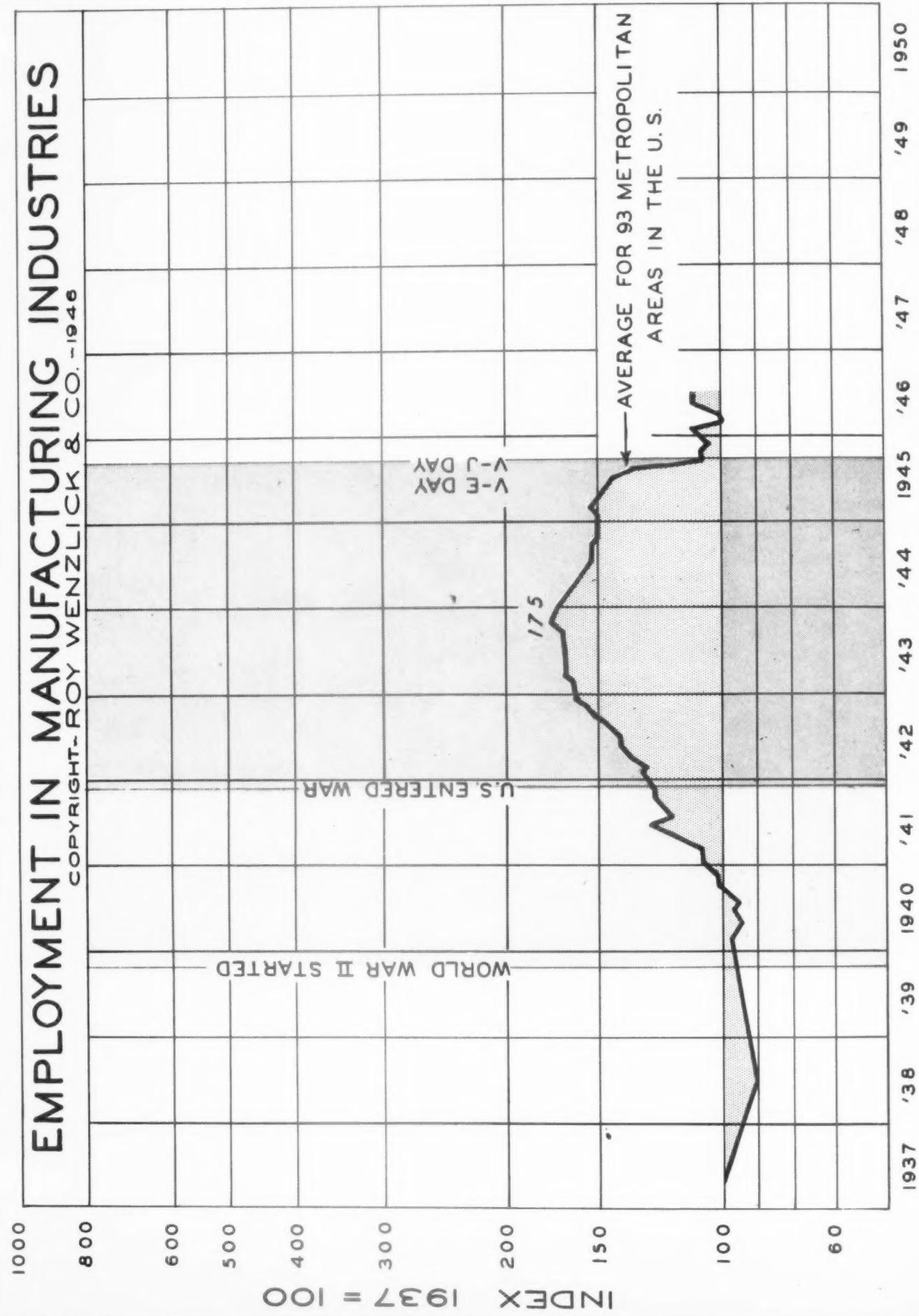
It is interesting to notice the distribution of cities in which department store sales have been running considerably above the average of all cities. With a few notable exceptions, most of these cities are in the South, Southwest, or West.

These charts should enable local real estate operators to form opinions on the outlook for downtown real estate properties in their own city in contrast with other cities. If the line has been going up in any city faster than the average of all cities, it would indicate that the retail business in that area is expanding, and since most department stores are in the downtown district, it would indicate that the downtown district is growing in activity and that property values in the line of growth should advance.

The chain store operator should find these charts of value in evaluating present stores and in deciding on locations for additional stores.

# EMPLOYMENT IN MANUFACTURING INDUSTRIES

COPYRIGHT - ROY WENZLICK & CO. - 1946



## MANUFACTURING EMPLOYMENT BY CITIES

At the wartime peak, manufacturing employment in the principal metropolitan areas of the United States averaged 75 per cent above the 1937 level. As the war came to a close, many large war contracts were canceled and manufacturing employment dropped sharply as shown by the chart on page 250. It then started to rise, but the rise was interrupted by a tremendous wave of strikes in the larger industries, which brought the level down to that of 1937. It has now started to rise again and the last monthly figures available - June - show an average of 10.5 per cent above the 1937 level. In many of the areas covered, as manufacturing employment dropped other types of employment increased so that the total number employed showed little change. During the war many occupations were starved for employees as they could not compete with the high rates paid in war industries.

It is interesting to compare the chart on manufacturing employment with the charts on department store sales. In many cities where manufacturing employment rose tremendously during the war and radical readjustments followed, department store sales indicate that these adjustments have been made without too great a strain on the local economy.

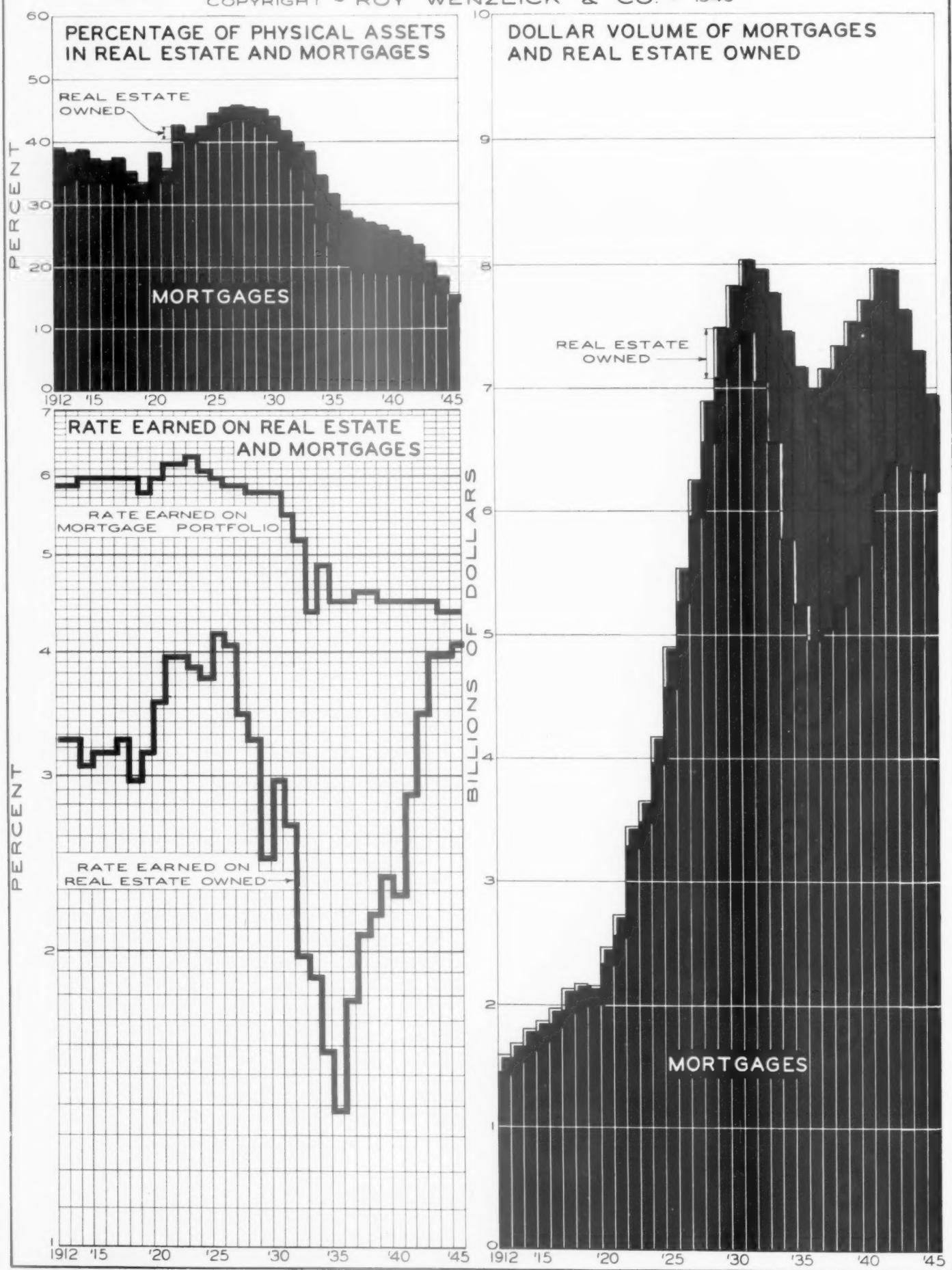
The table below compares the high point during the war with the June 1946 figure as percentages above the 1937 level.

| Metropolitan Area | Highest % Reached | June 1946 | Metropolitan Area | Highest % Reached | June 1946 | Metropolitan Area | Highest % Reached | June 1946 |
|-------------------|-------------------|-----------|-------------------|-------------------|-----------|-------------------|-------------------|-----------|
| Akron             | + 81.9            | + 32.5    | Hartford          | + 85.4            | + 15.9    | Pittsburgh        | + 41.6            | + 2.5     |
| Albany            | + 54.5            | - 10.1    | Houston           | +214.7            | + 68.3    | Portland          | +433.5            | + 15.0    |
| Atlanta           | + 14.8            | + 4.6     | Indianapolis      | +114.9            | + 30.5    | Providence        | + 25.9            | - 11.8    |
| Baltimore         | +131.7            | + 28.2    | Jacksonville      | +222.9            | - 24.0    | Fall River        | + 13.5            | - 18.4    |
| Birmingham        | + 42.8            | + 18.8    | Kansas City, Mo.  | +125.6            | + 6.5     | New Bedford       | + 12.4            | - 19.7    |
| Boston            | + 90.2            | + 24.4    | Kansas City,      |                   |           | Reading           | - 22.1            | - 32.6    |
| Cambridge         | + 18.2            | - 5.5     | Kans.             | +246.3            | - 3.5     | Richmond          | + 19.7            | + 5.7     |
| Lynn              | +138.5            | + 42.9    | Knoxville         | + 30.7            | - 0.4     | Rochester         | + 56.9            | + 25.6    |
| Somerville        | + 12.3            | - 5.3     | Louisville        | + 89.6            | + 26.1    | St. Louis         | + 75.1            | + 11.0    |
| Bridgeport        | + 91.5            | + 7.8     | Lowell            | + 11.8            | - 7.7     | Salt Lake City    | +151.0            | - 53.1    |
| Buffalo           | + 87.9            | + 13.0    | Memphis           | + 82.5            | + 17.5    | San Antonio       | + 36.3            | + 34.8    |
| Canton            | + 66.9            | + 9.9     | Miami             | +173.9            | - 54.0    | San Diego         | +589.4            | + 11.7    |
| Chattanooga       | + 41.9            | + 6.5     | Milwaukee         | + 56.6            | + 11.7    | San Francisco     | +255.0            | + 47.4    |
| Chicago           | + 56.5            | + 22.3    | Minneapolis-      |                   |           | Oakland           | +200.1            | - 18.4    |
| Gary              | + 24.9            | 0.0       | St. Paul          | +107.8            | + 24.2    | Scranton          | + 16.2            | - 7.3     |
| Cincinnati        | + 65.6            | + 17.4    | Nashville         | + 38.6            | + 4.8     | Seattle           | +239.3            | + 20.4    |
| Cleveland         | + 69.2            | + 20.2    | New Haven         | + 51.1            | + 4.3     | South Bend        | + 79.3            | + 29.5    |
| Columbus          | + 88.4            | + 6.7     | New Orleans       | +200.3            | + 9.8     | Springfield,      |                   |           |
| Dallas            | +246.8            | + 27.8    | New York-         |                   |           | Mass.             | + 75.9            | + 16.6    |
| Dayton            | + 41.0            | + 29.1    | New Jersey        | + 73.2            | + 3.4     | Syracuse          | + 74.5            | + 19.5    |
| Denver            | +189.9            | + 42.7    | Elizabeth         | + 39.6            | + 14.2    | Tacoma            | +183.6            | - 18.7    |
| Des Moines        | +288.4            | + 46.7    | Jersey City       | + 30.0            | - 3.4     | Tampa             | +180.5            | + 19.3    |
| Detroit           | + 35.5            | - 4.8     | Newark            | + 55.6            | - 2.4     | Toledo            | + 29.6            | - 8.0     |
| Duluth            | +176.0            | - 24.9    | Paterson          | +108.9            | - 7.6     | Trenton           | + 74.9            | + 9.2     |
| El Paso           | + 9.8             | - 28.5    | Yonkers           | + 22.3            | + 8.8     | Tulsa             | +444.5            | + 13.5    |
| Erie              | + 70.0            | + 32.8    | Norfolk           | +250.7            | + 33.1    | Washington,       |                   |           |
| Evansville        | +212.1            | + 6.6     | Oklahoma City     | +317.7            | + 8.0     | D. C.             | +115.7            | + 19.3    |
| Flint             | + 45.7            | + 8.7     | Omaha             | +133.0            | + 8.5     | Wichita           | +824.5            | +124.8    |
| Fort Wayne        | + 42.2            | - 35.5    | Peoria            | + 39.3            | + 17.0    | Wilmington        | +105.6            | + 8.2     |
| Fort Worth        | +356.5            | + 84.8    | Philadelphia      | + 68.8            | + 9.1     | Worcester         | + 40.5            | - 1.2     |
| Grand Rapids      | + 39.6            | - 2.7     | Camden            | +127.9            | + 30.4    | Youngstown        | + 16.3            | - 12.2    |

# LIFE INSURANCE COMPANIES AS MORTGAGEES

BASED ON THE RECORDS OF THE 109 LARGEST COMPANIES IN THE UNITED STATES

COPYRIGHT ~ ROY WENZLICK & CO. ~ 1946



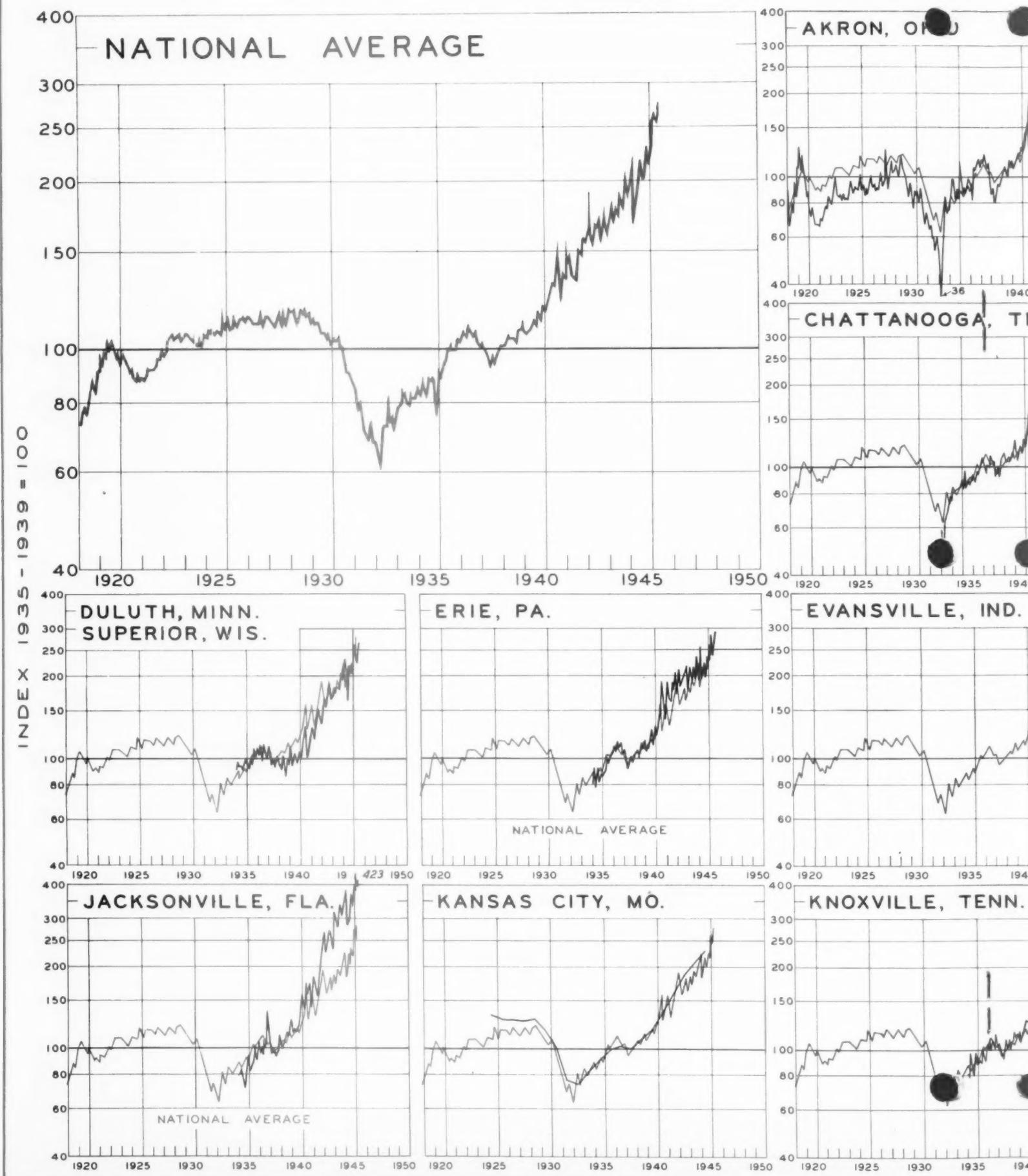
## EARNINGS OF "LIFE INSURANCE REAL ESTATE" INCREASE

THE table below and the charts opposite show that during 1945 the 101 largest life insurance companies in the United States earned 4.4 per cent on their real estate mortgages and 4.1 per cent on their real estate owned.† This was no change in the mortgage interest rate but was a slight increase in the rate earned on real estate.

In the year 1923 the mortgage accounts earned 6.3 per cent. The peak earnings on real estate owned were in 1925 at 4.2 per cent.

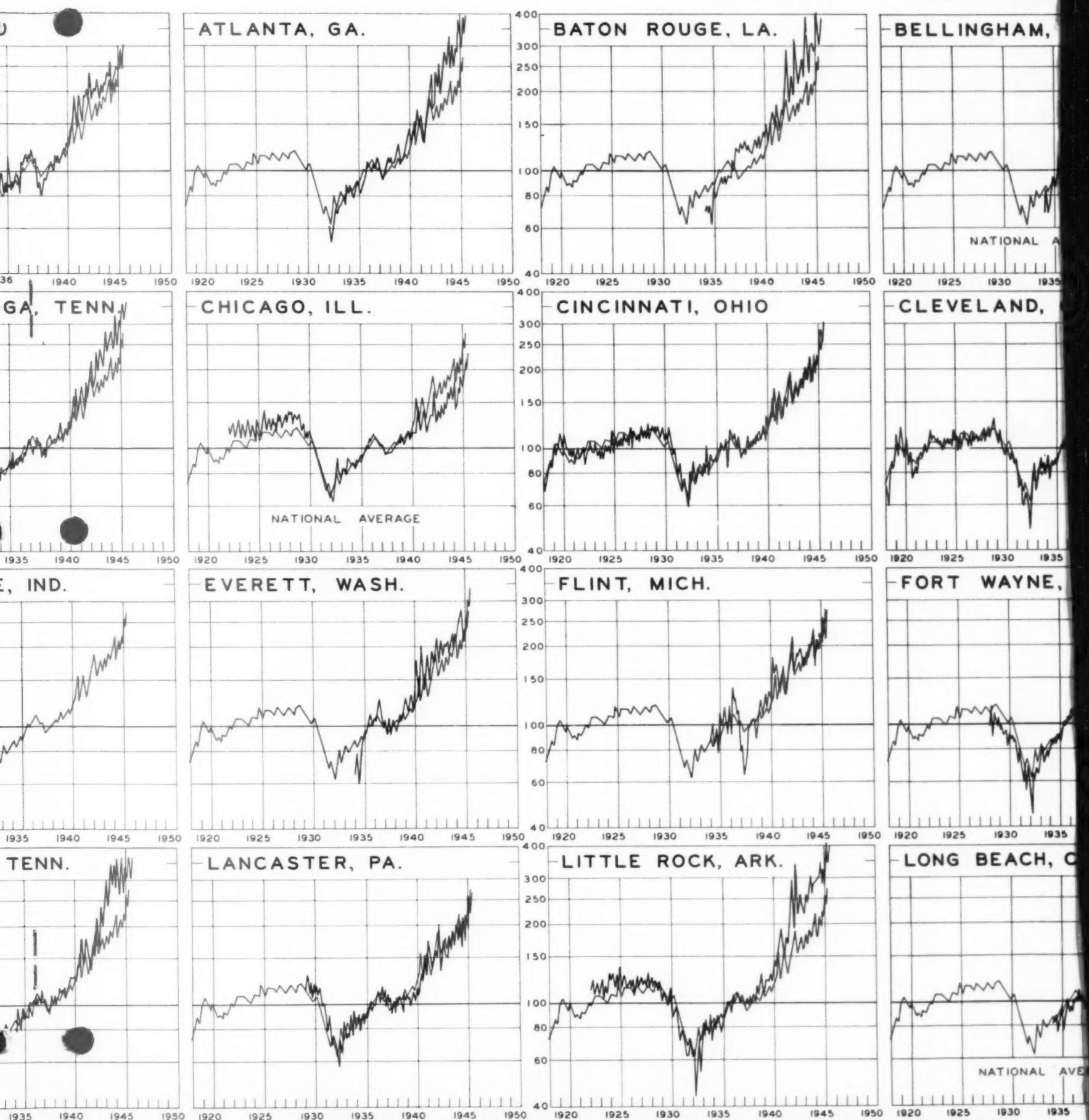
| Year | REAL ESTATE MORTGAGES |             |             | REAL ESTATE OWNED† |             |             | GROSS ASSETS     |
|------|-----------------------|-------------|-------------|--------------------|-------------|-------------|------------------|
|      | Amount                | % of Assets | Rate Earned | Amount             | % of Assets | Rate Earned | Amount           |
| 1912 | \$1,428,408,000       | 33.2        | 5.9         | \$ 160,546,000     | 5.9         | 3.3         | \$ 4,278,567,000 |
| 1913 | 1,554,163,000         | 54.2        | 5.9         | 136,780,000        | 4.4         | 3.3         | 4,532,916,000    |
| 1914 | 1,645,283,000         | 34.2        | 6.0         | 153,536,000        | 4.5         | 3.1         | 4,810,508,000    |
| 1915 | 1,716,342,000         | 33.6        | 6.0         | 154,297,000        | 3.8         | 3.2         | 5,056,680,000    |
| 1916 | 1,823,658,000         | 33.6        | 6.0         | 154,762,000        | 3.5         | 3.2         | 5,438,405,000    |
| 1917 | 1,951,504,000         | 34.2        | 6.0         | 168,191,000        | 3.5         | 3.3         | 5,812,235,000    |
| 1918 | 2,000,864,000         | 32.2        | 6.0         | 167,979,000        | 3.1         | 3.0         | 6,265,434,000    |
| 1919 | 2,009,362,000         | 31.0        | 5.8         | 153,346,000        | 2.7         | 3.2         | 6,608,312,000    |
| 1920 | 2,332,439,000         | 35.5        | 6.0         | 153,255,000        | 2.7         | 3.6         | 6,655,894,000    |
| 1921 | 2,573,821,000         | 33.5        | 6.2         | 162,582,000        | 2.4         | 4.0         | 7,741,267,000    |
| 1922 | 3,297,285,000         | 40.6        | 6.2         | 167,996,000        | 2.2         | 4.0         | 8,421,028,000    |
| 1923 | 3,482,881,000         | 39.1        | 6.3         | 182,670,000        | 2.2         | 3.9         | 9,165,167,000    |
| 1924 | 3,993,230,000         | 40.6        | 6.1         | 204,120,000        | 2.1         | 3.8         | 10,121,992,000   |
| 1925 | 4,582,281,000         | 42.6        | 6.0         | 223,452,000        | 2.1         | 4.2         | 11,129,064,000   |
| 1926 | 5,283,927,000         | 43.5        | 5.9         | 253,933,000        | 2.1         | 4.1         | 12,466,149,000   |
| 1927 | 5,962,158,000         | 43.0        | 5.9         | 298,606,000        | 2.2         | 3.5         | 13,890,188,000   |
| 1928 | 6,555,276,000         | 42.6        | 5.7         | 351,878,000        | 2.3         | 3.3         | 15,471,299,000   |
| 1929 | 7,091,613,000         | 42.0        | 5.7         | 400,914,000        | 2.4         | 2.5         | 16,883,283,000   |
| 1930 | 7,364,000,000         | 40.8        | 5.7         | 461,949,000        | 2.6         | 3.0         | 18,077,297,000   |
| 1931 | 7,441,593,000         | 38.0        | 5.5         | 598,702,000        | 3.1         | 2.7         | 19,567,235,000   |
| 1932 | 7,165,656,000         | 35.4        | 5.2         | 846,179,000        | 4.2         | 2.0         | 20,219,265,000   |
| 1933 | 6,610,718,000         | 32.2        | 4.4         | 1,224,064,000      | 5.9         | 1.9         | 20,580,888,000   |
| 1934 | 5,827,270,000         | 27.1        | 4.9         | 1,704,119,000      | 7.9         | 1.6         | 21,479,234,000   |
| 1935 | 5,272,707,000         | 23.2        | 4.5         | 1,911,016,000      | 8.4         | 1.4         | 22,715,209,000   |
| 1936 | 4,960,385,000         | 20.4        | 4.5         | 2,056,667,000      | 8.5         | 1.8         | 24,288,552,000   |
| 1937 | 5,055,338,000         | 19.7        | 4.6         | 2,096,042,000      | 8.1         | 2.1         | 25,708,928,000   |
| 1938 | 5,262,537,000         | 19.4        | 4.6         | 2,089,890,000      | 7.7         | 2.2         | 27,150,640,000   |
| 1939 | 5,480,635,000         | 19.2        | 4.5         | 2,054,528,000      | 7.2         | 2.4         | 28,516,282,000   |
| 1940 | 5,746,396,000         | 19.1        | 4.5         | 1,979,710,000      | 6.6         | 2.3         | 30,040,224,000   |
| 1941 | 6,171,303,000         | 19.3        | 4.5         | 1,790,001,000      | 5.6         | 2.9         | 31,548,782,000   |
| 1942 | 6,399,808,000         | 18.9        | 4.5         | 1,554,732,000      | 4.6         | 3.5         | 33,823,517,000   |
| 1943 | 6,371,705,000         | 17.5        | 4.5         | 1,256,957,000      | 3.4         | 4.0         | 36,507,697,000   |
| 1944 | 6,316,596,000         | 16.0        | 4.4         | 984,205,000        | 2.5         | 4.0         | 39,596,118,000   |
| 1945 | 6,192,881,000         | 14.5        | 4.4         | 780,745,000        | 1.8         | 4.1         | 42,814,450,000   |

†Includes home office buildings.



# DEPARTMENT STORE SAL

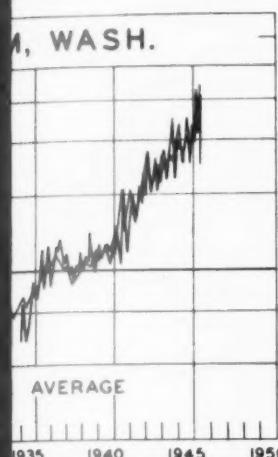
COPYRIGHT - ROY WEN



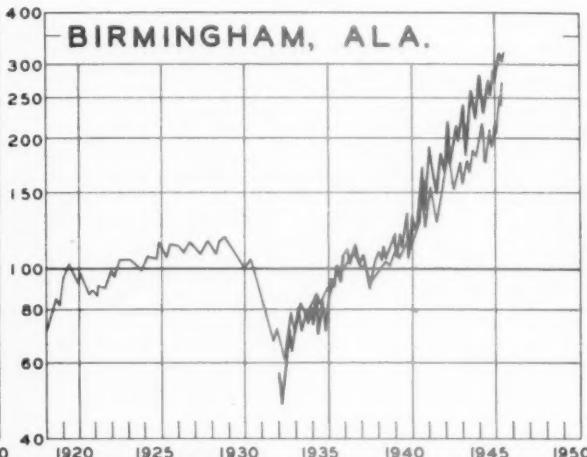
# LES IN PRINCIPAL CITIES

ENZLICK & CO. - 1946

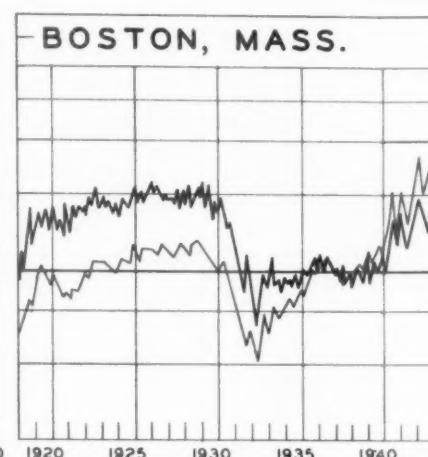
WASH.



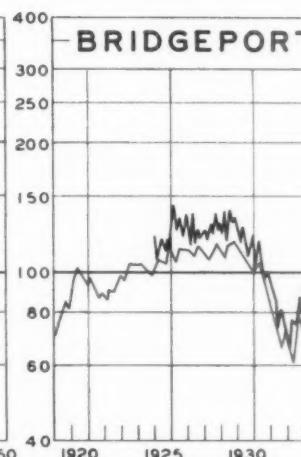
BIRMINGHAM, ALA.



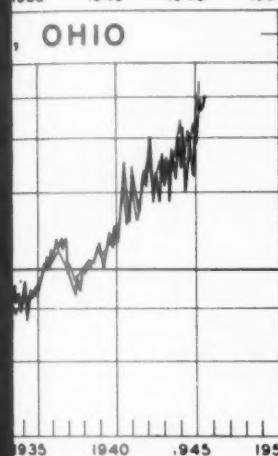
BOSTON, MASS.



BRIDGEPORT



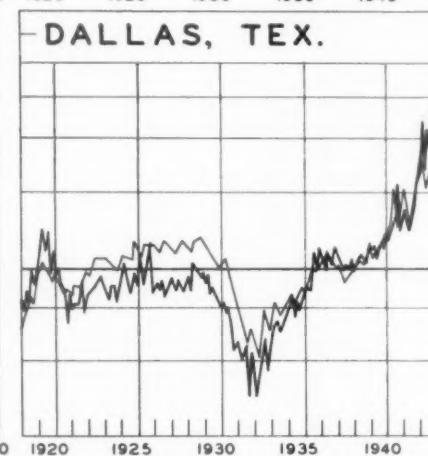
OHIO



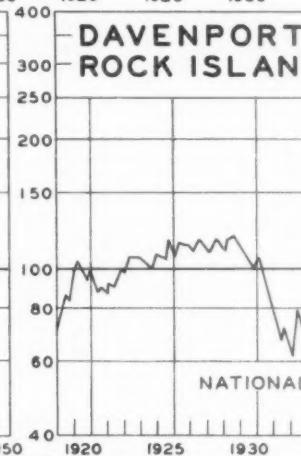
COLUMBUS, OHIO



DALLAS, TEX.



DAVENPORT  
ROCK ISLAND



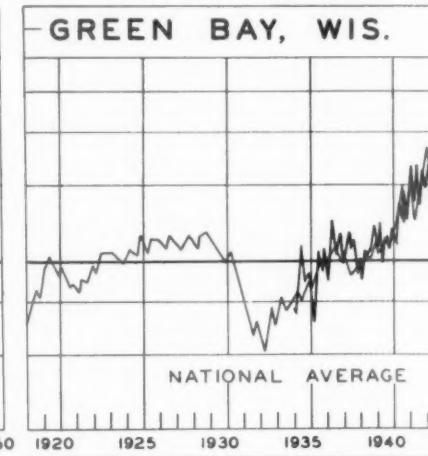
IND.



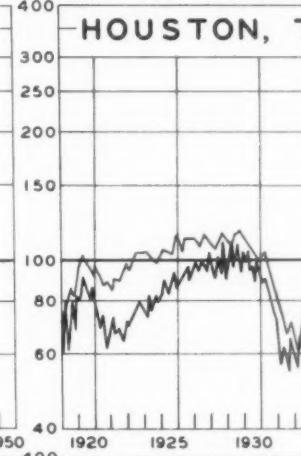
FRESNO, CALIF.



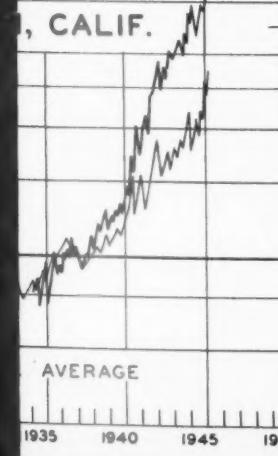
GREEN BAY, WIS.



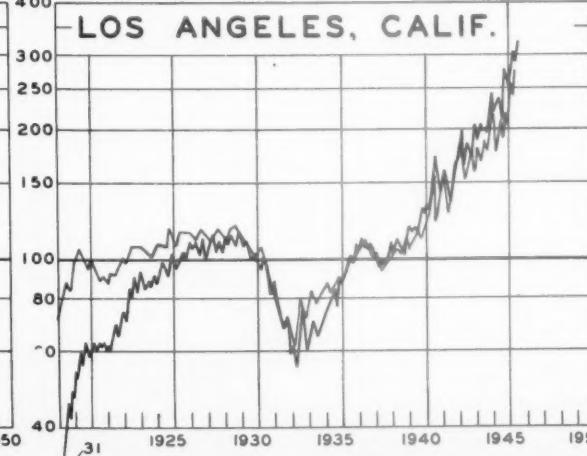
HOUSTON, T.



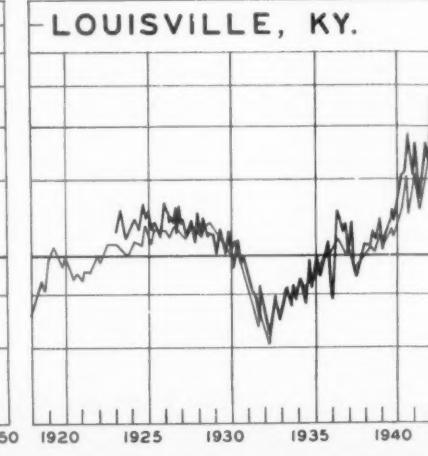
CALIF.



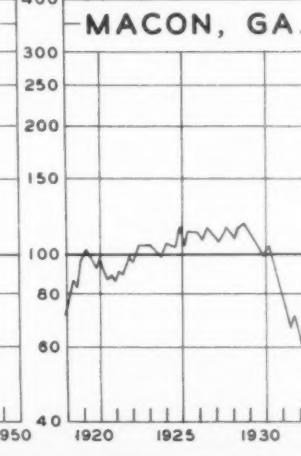
LOS ANGELES, CALIF.



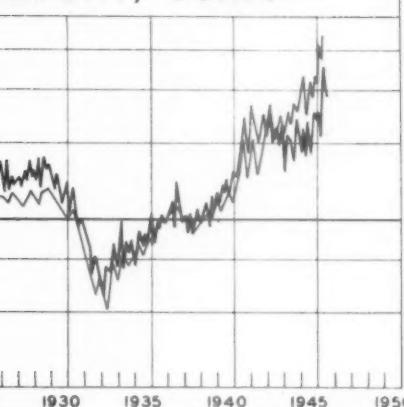
LOUISVILLE, KY.



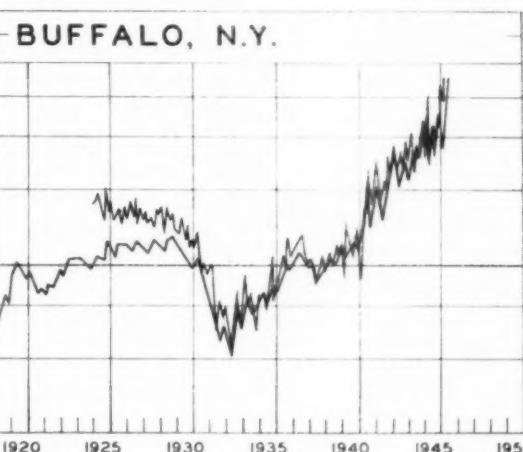
MACON, GA.



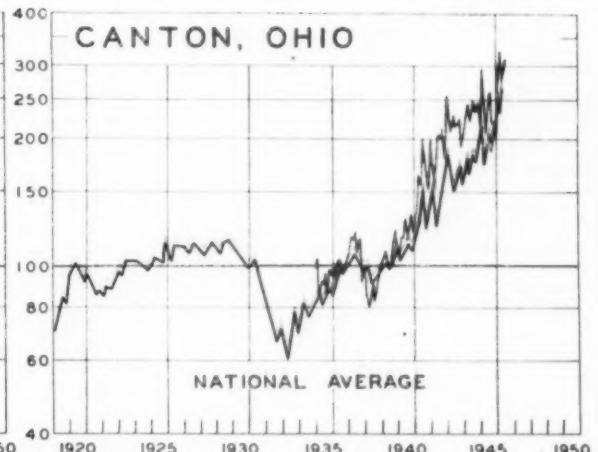
REPORT, CONN.



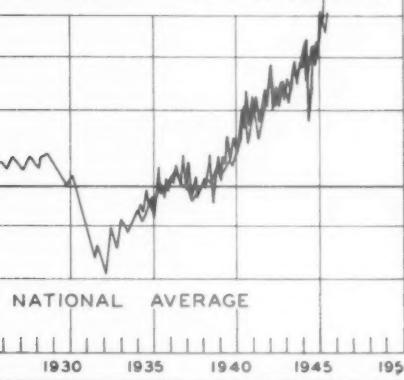
BUFFALO, N.Y.



CANTON, OHIO



REPORT, I.A.  
ISLAND - MOLINE, ILL.



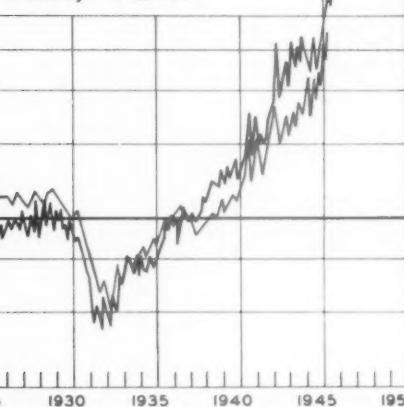
DENVER, COLO.



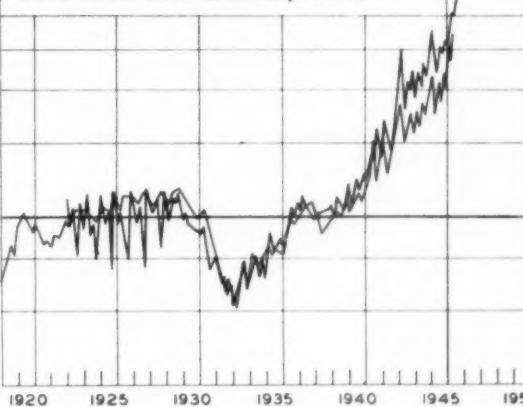
DETROIT, MICH.



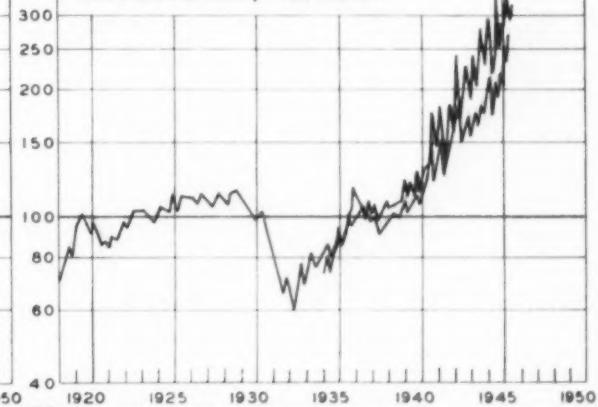
TON, TEX.



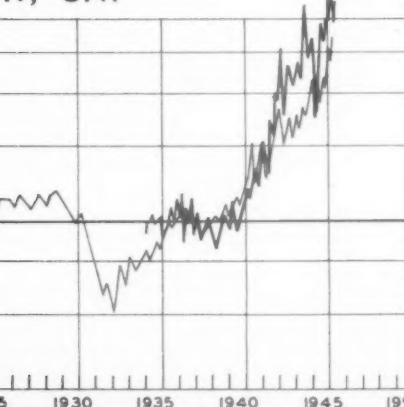
INDIANAPOLIS, IND.



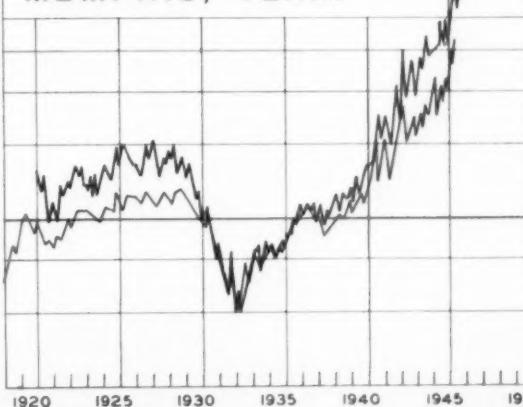
JACKSON, MISS.



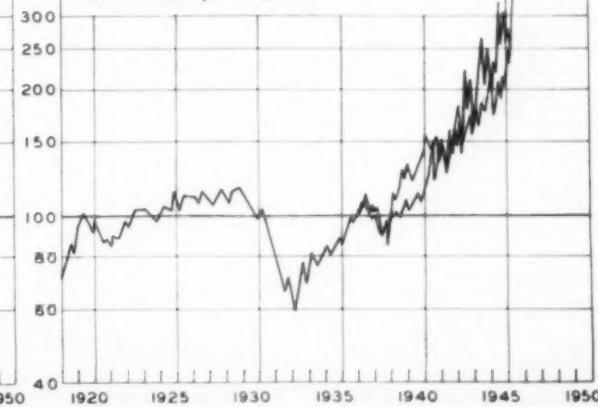
N, GA.

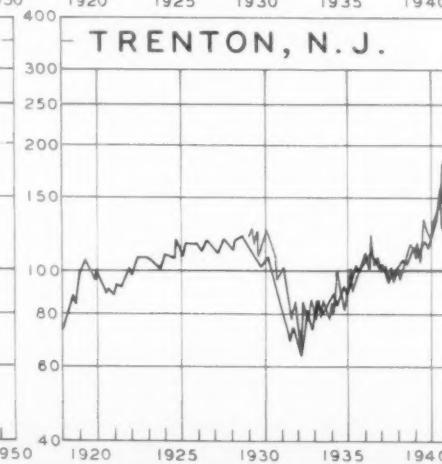
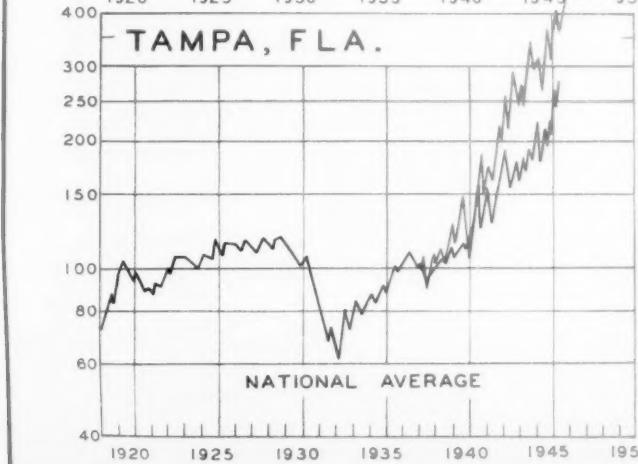
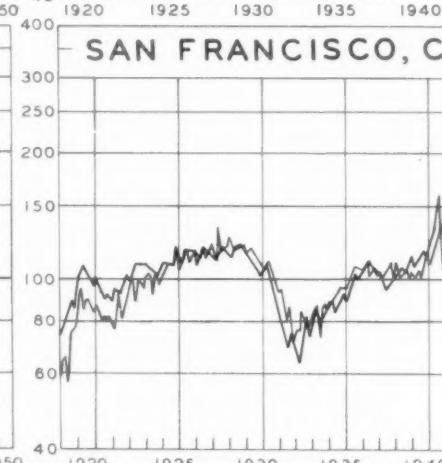
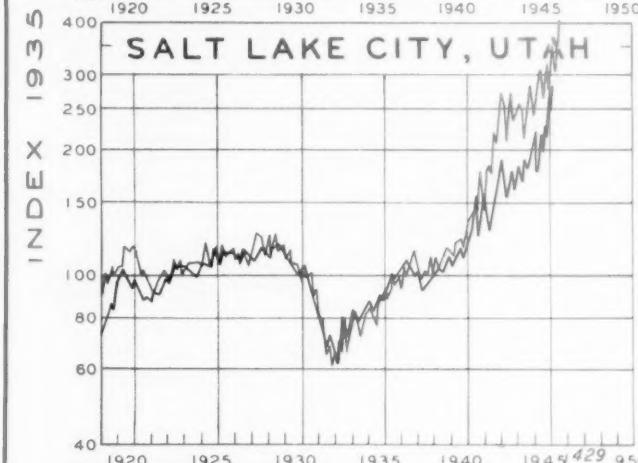
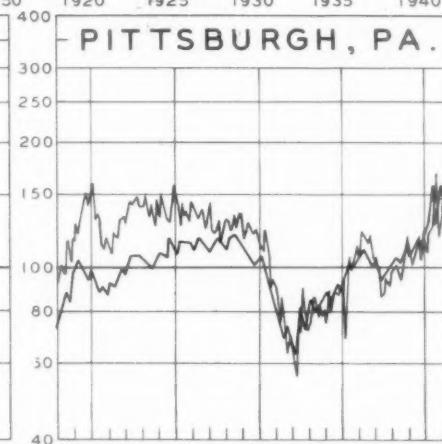
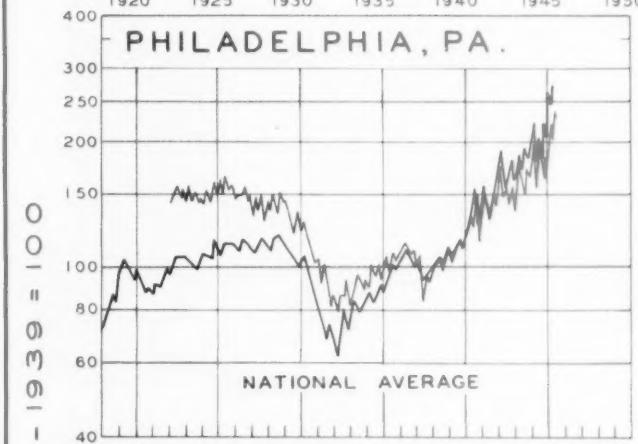
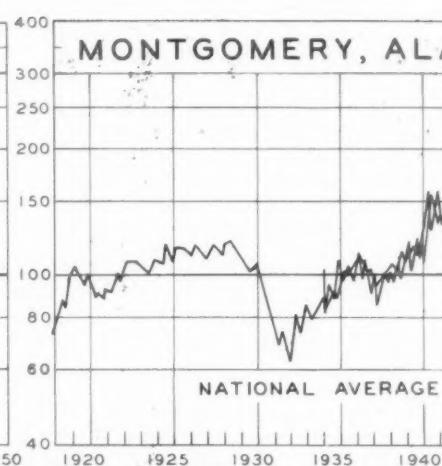


MEMPHIS, TENN.



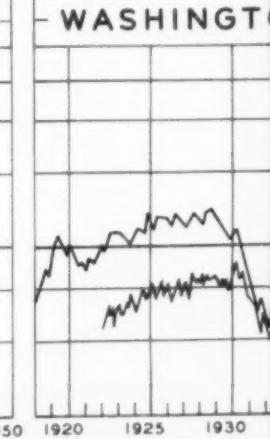
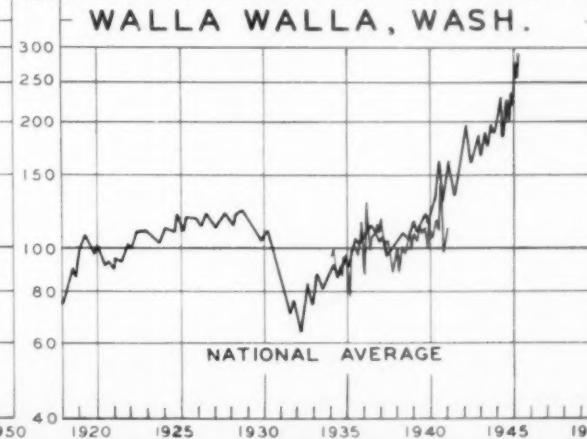
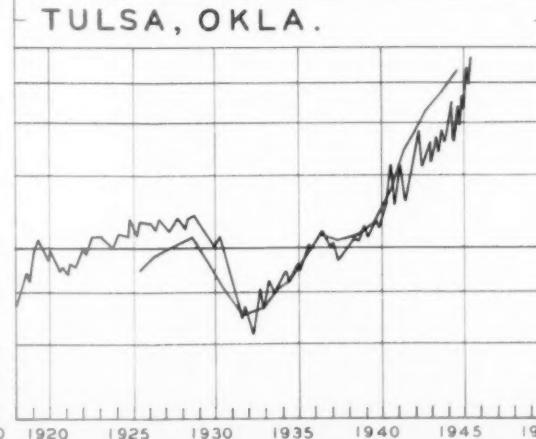
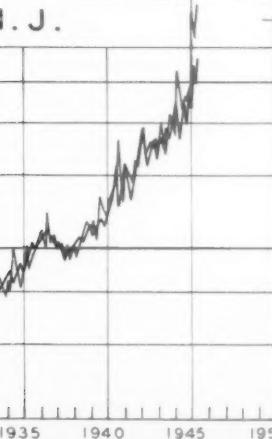
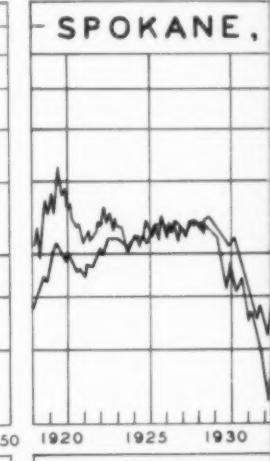
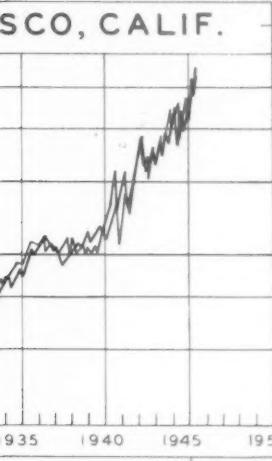
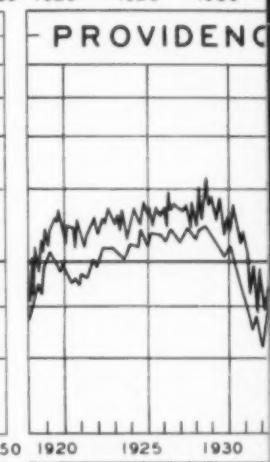
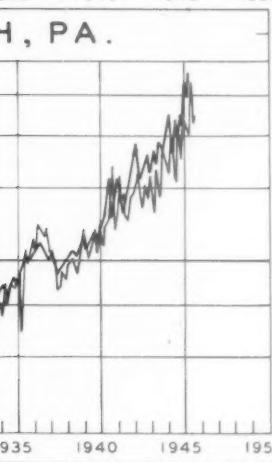
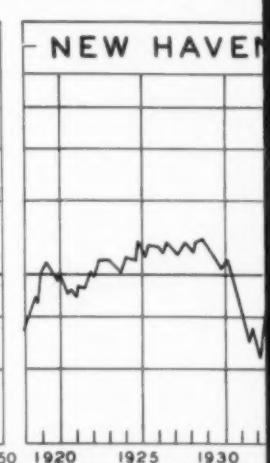
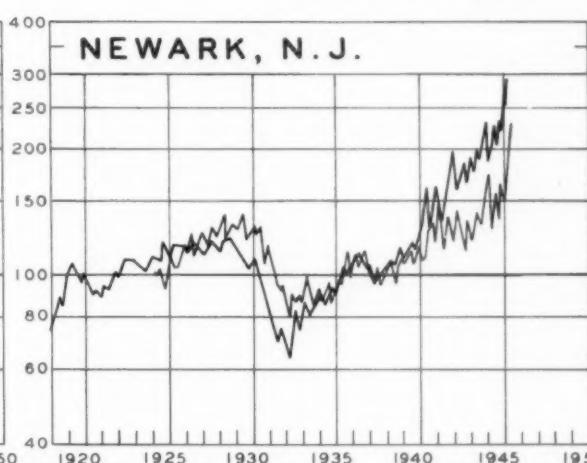
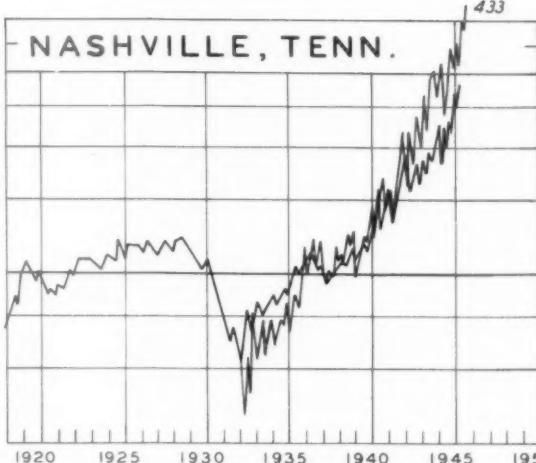
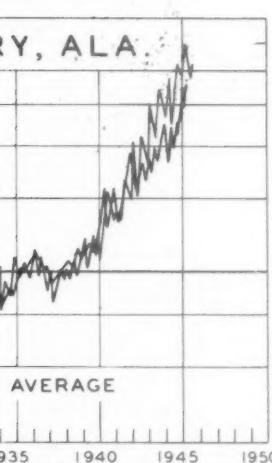
MIAMI, FLA.





# DEPARTMENT STORE SALES

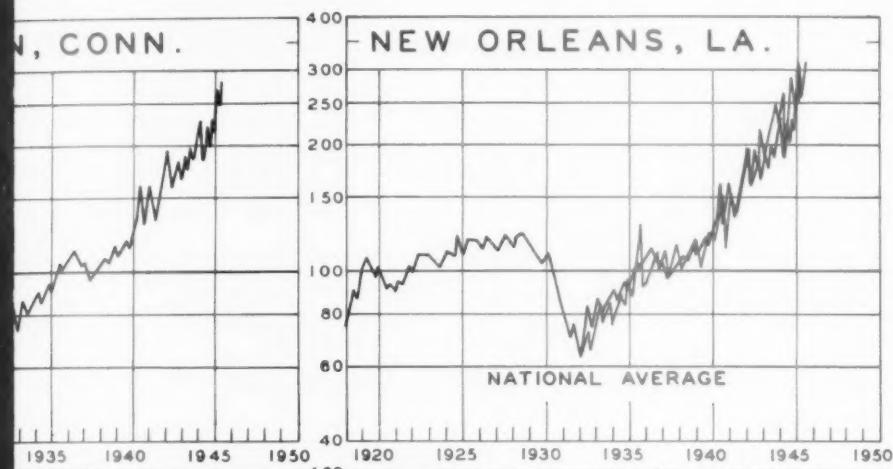
COPYRIGHT - ROY W.



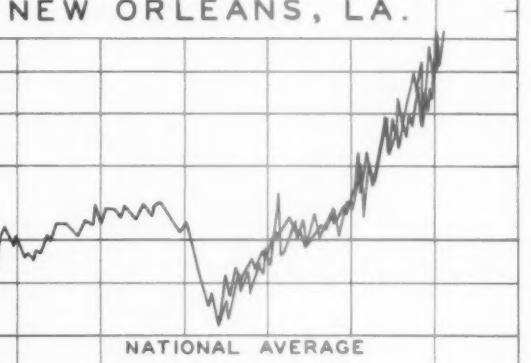
# LES IN PRINCIPAL CITIES

ENZLICK & CO. - 1946

NEW HAVEN, CONN.



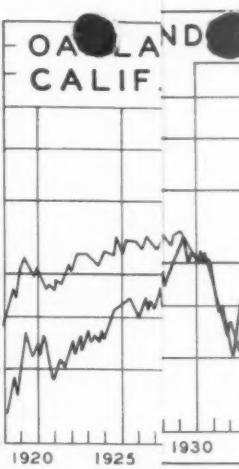
NEW ORLEANS, LA.



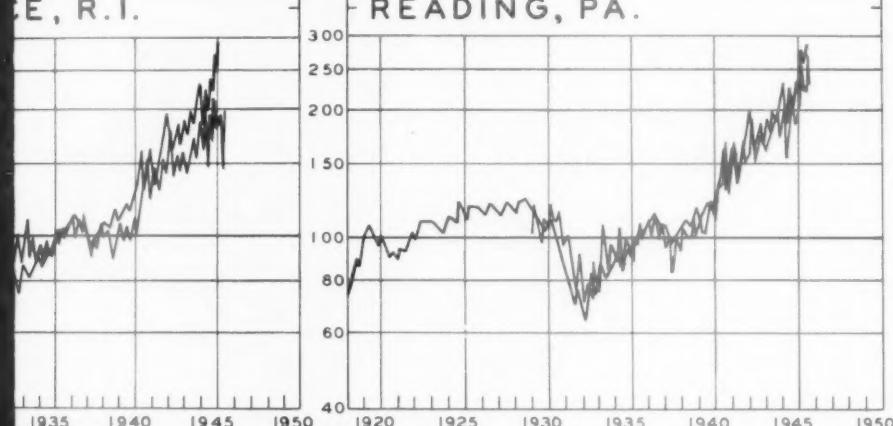
NEW YORK, N.Y.



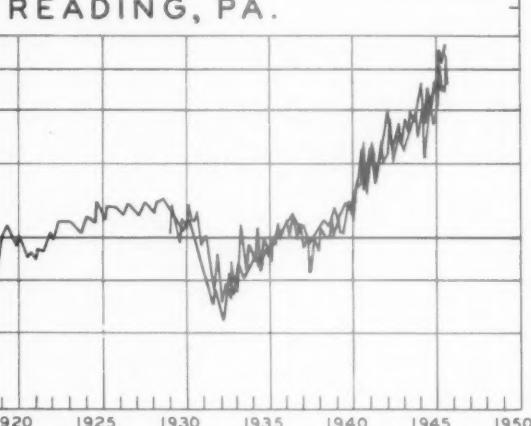
OAKLAND,  
CALIF.



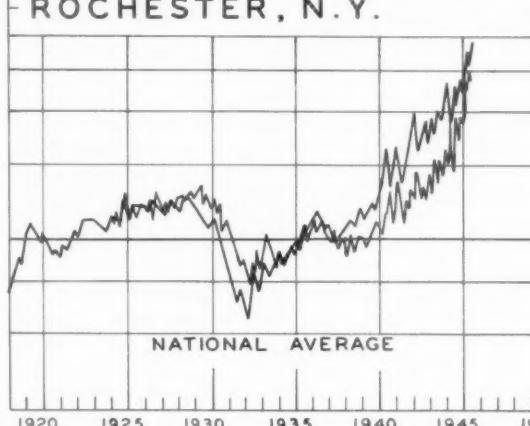
PROVIDENCE, R.I.



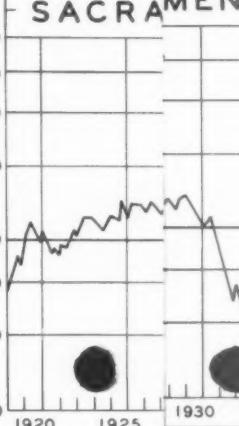
READING, PA.



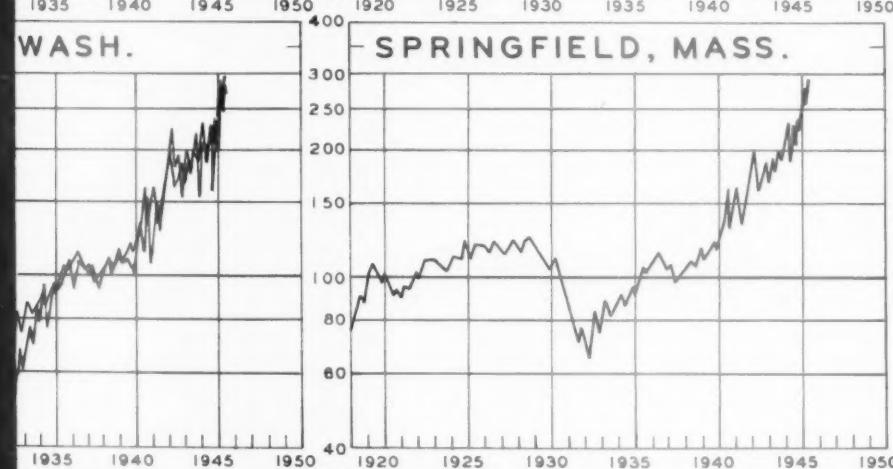
ROCHESTER, N.Y.



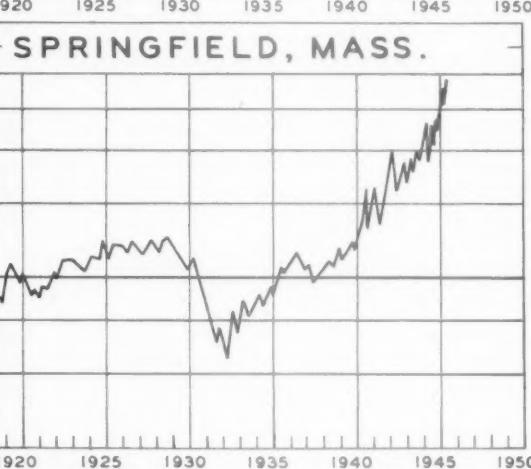
SACRAMENTO,  
CALIF.



WASHINGTON,  
D.C.



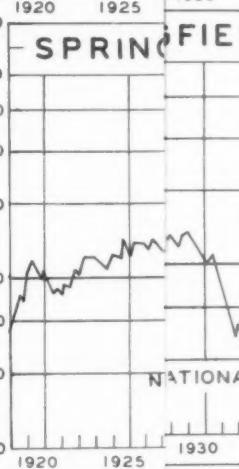
SPRINGFIELD, MASS.



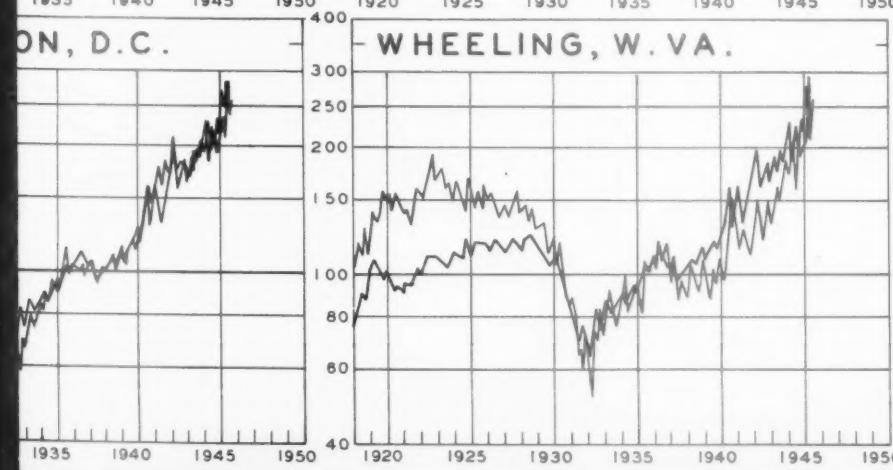
SPRINGFIELD, MO.



SPRINGFIELD,  
ILLINOIS



WICHITA, KANS.



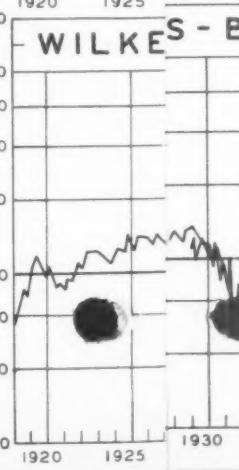
WHEELING, W. VA.

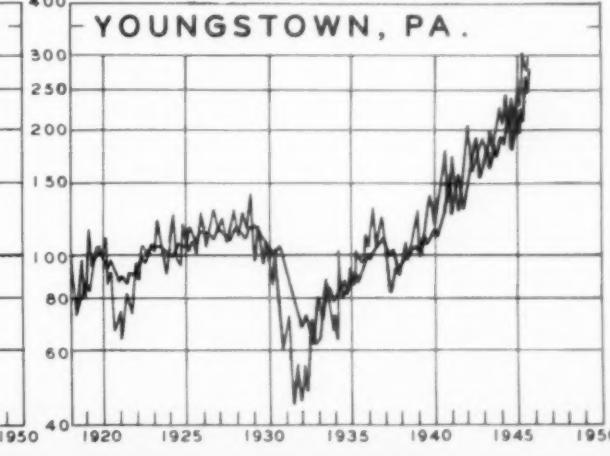
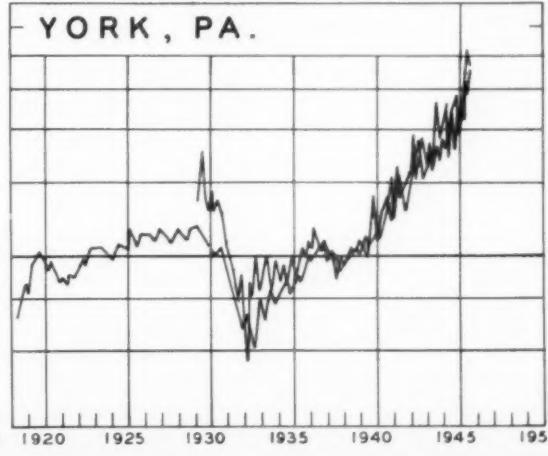
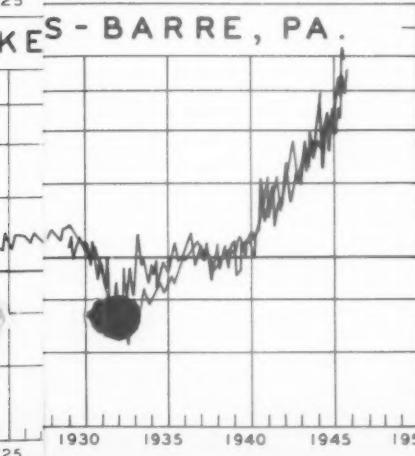
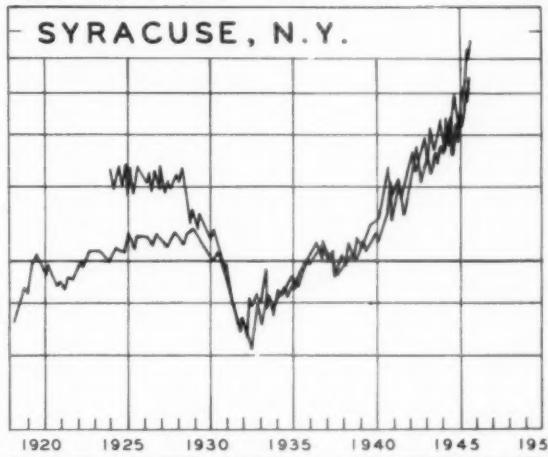
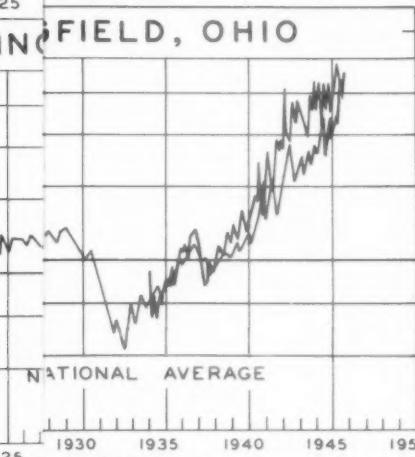
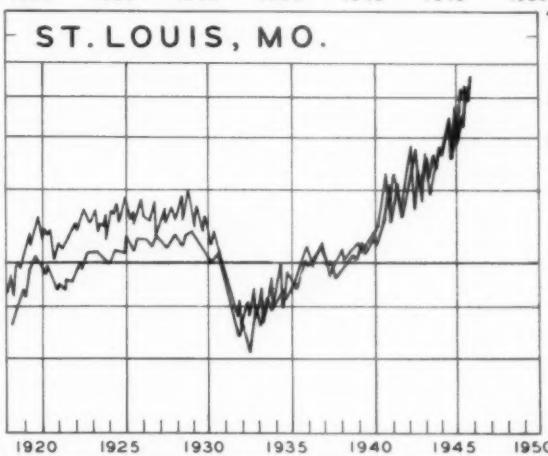
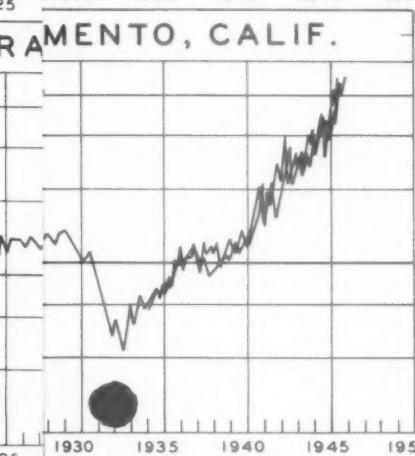
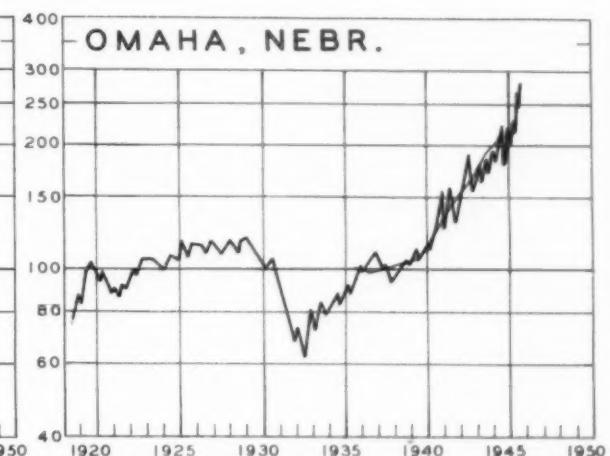
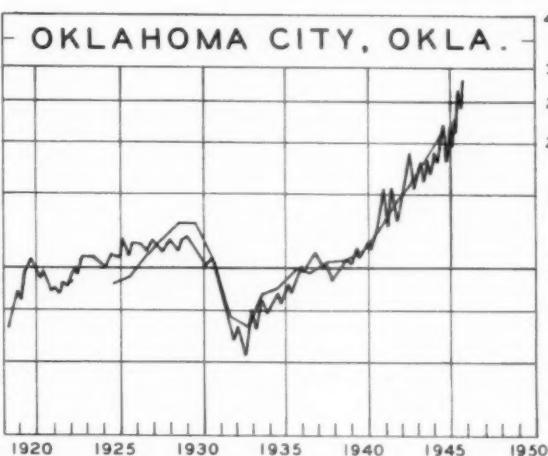
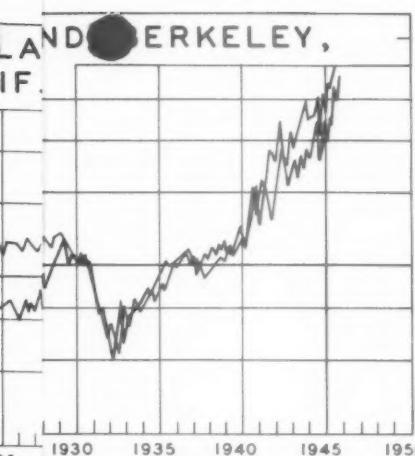


WICHITA, KANS.



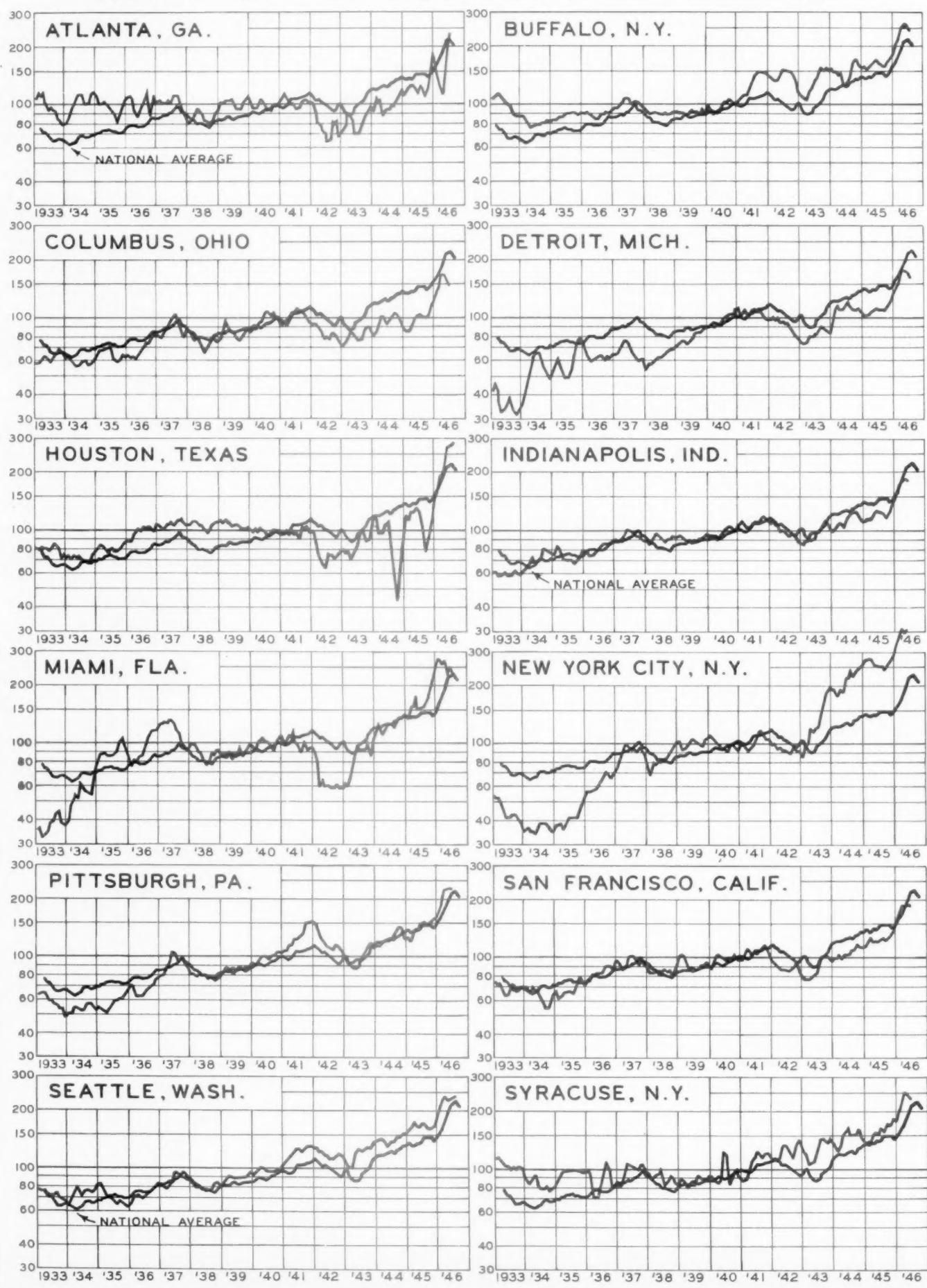
WILKES-BECK,  
PA.





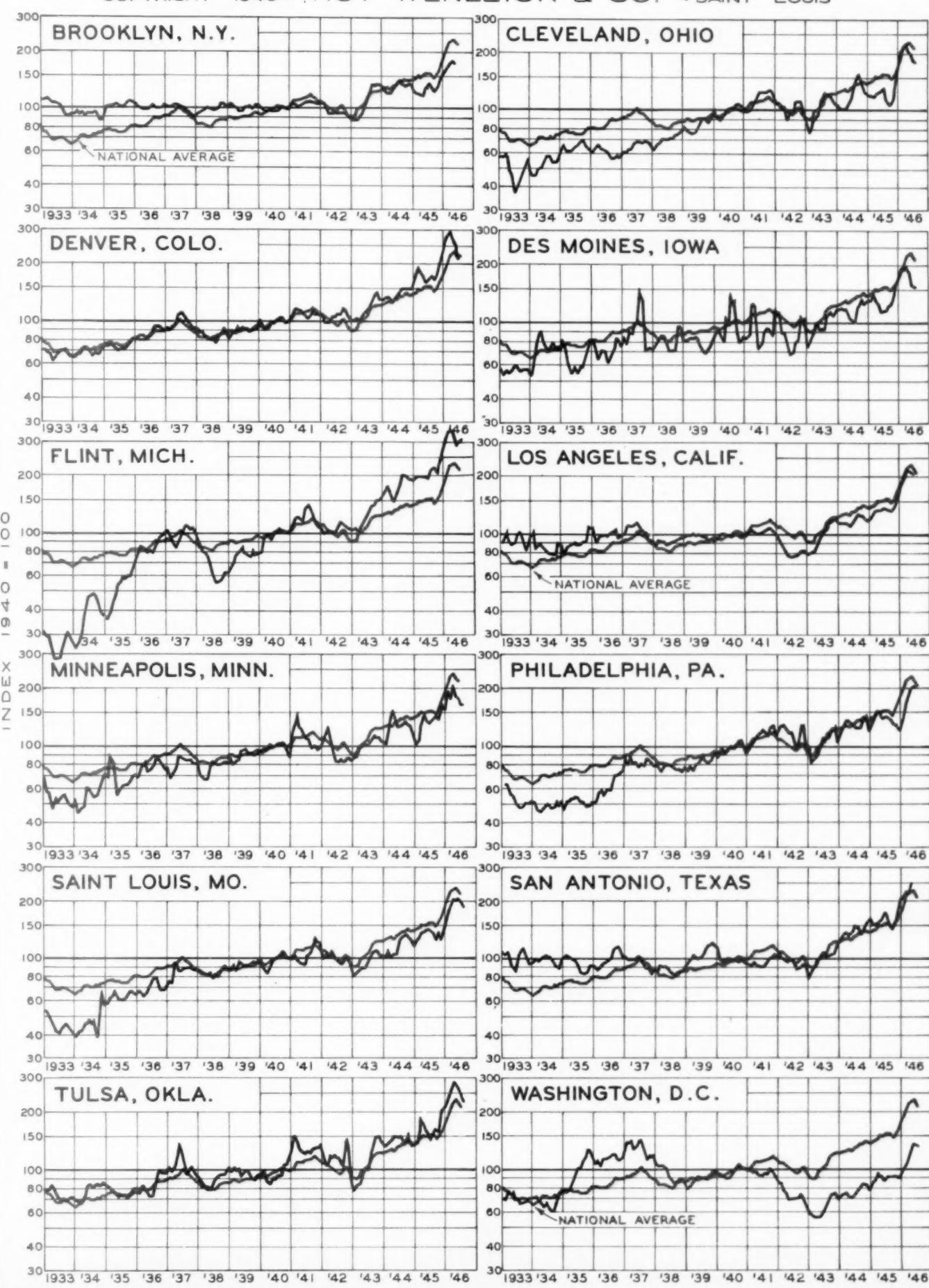
# REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

COPYRIGHT 1946 ~ ROY WENZLICK & CO. ~ SAINT LOUIS



# REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

COPYRIGHT 1946 ~ ROY WENZLICK & CO. ~ SAINT LOUIS



ESTIMATED NUMBER OF NEW NONFARM DWELLING UNITS STARTED

|                  |                  |                  |                  |
|------------------|------------------|------------------|------------------|
| 1920 ... 247,000 | 1925 ... 937,000 | 1930 ... 330,000 | 1935 ... 221,000 |
| 1921 ... 449,000 | 1926 ... 849,000 | 1931 ... 254,000 | 1936 ... 319,000 |
| 1922 ... 716,000 | 1927 ... 810,000 | 1932 ... 134,000 | 1937 ... 336,000 |
| 1923 ... 871,000 | 1928 ... 753,000 | 1933 ... 93,000  | 1938 ... 406,000 |
| 1924 ... 893,000 | 1929 ... 509,000 | 1934 ... 126,000 | 1939 ... 515,000 |

MONTHLY FIGURES

|           | <u>1940</u> | <u>1941</u> | <u>1942</u> | <u>1943</u> | <u>1944</u> | <u>1945</u> | <u>1946</u> |
|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| January   | 25,700      | 41,200      | 34,500      | 45,000      | 17,300      | 7,600       | 39,600      |
| February  | 36,900      | 43,700      | 51,300      | 40,100      | 13,500      | 8,400       | 46,400      |
| March     | 46,000      | 60,200      | 52,700      | 33,000      | 18,100      | 12,300      | 65,800      |
| April     | 62,900      | 75,200      | 59,700      | 26,700      | 14,300      | 18,300      | 71,200      |
| May       | 57,000      | 70,700      | 60,600      | 33,600      | 16,500      | 16,900      | 69,200      |
| June      | 44,100      | 77,200      | 46,300      | 21,800      | 17,500      | 20,300      | 64,000      |
| July      | 57,600      | 74,600      | 26,700      | 24,200      | 14,500      | 20,100      | 59,400      |
| August    | 55,800      | 69,800      | 27,500      | 27,600      | 12,800      | 17,100      |             |
| September | 58,400      | 67,000      | 40,400      | 24,300      | 11,300      | 17,900      |             |
| October   | 66,200      | 56,200      | 32,200      | 28,100      | 10,800      | 25,500      |             |
| November  | 44,900      | 46,600      | 30,400      | 26,100      | 11,600      | 30,600      |             |
| December  | 47,000      | 32,800      | 34,300      | 19,500      | 10,800      | 30,300      |             |

CUMULATIVE FIGURES

|           |         |         |         |         |         |         |         |
|-----------|---------|---------|---------|---------|---------|---------|---------|
| January   | 25,700  | 41,200  | 34,500  | 45,000  | 17,300  | 7,600   | 39,600  |
| February  | 62,600  | 84,900  | 85,800  | 85,100  | 30,800  | 16,000  | 86,000  |
| March     | 108,600 | 145,100 | 138,500 | 118,100 | 48,900  | 28,300  | 151,800 |
| April     | 171,500 | 220,300 | 198,200 | 144,800 | 63,200  | 46,600  | 223,000 |
| May       | 228,500 | 291,000 | 258,800 | 178,400 | 79,700  | 63,500  | 292,200 |
| June      | 272,600 | 368,200 | 305,100 | 200,200 | 97,200  | 83,800  | 356,200 |
| July      | 330,200 | 442,800 | 331,800 | 224,400 | 111,700 | 103,900 | 415,600 |
| August    | 386,000 | 512,600 | 359,300 | 252,000 | 124,500 | 121,000 |         |
| September | 444,400 | 579,600 | 399,700 | 276,300 | 135,800 | 138,900 |         |
| October   | 510,600 | 635,800 | 431,900 | 304,400 | 146,600 | 164,400 |         |
| November  | 555,500 | 682,400 | 462,300 | 330,500 | 158,200 | 195,000 |         |
| December  | 602,500 | 715,200 | 496,600 | 350,000 | 169,000 | 225,300 |         |

12-MONTH MOVING TOTALS

|           |         |         |         |         |         |         |         |
|-----------|---------|---------|---------|---------|---------|---------|---------|
| January   | 508,400 | 618,000 | 708,500 | 507,100 | 322,300 | 159,300 | 257,300 |
| February  | 514,600 | 624,800 | 716,100 | 495,900 | 295,700 | 154,200 | 295,300 |
| March     | 517,700 | 639,000 | 708,600 | 476,200 | 280,800 | 148,400 | 348,800 |
| April     | 537,700 | 651,300 | 693,100 | 443,200 | 268,400 | 152,400 | 401,700 |
| May       | 541,400 | 665,000 | 683,000 | 416,200 | 251,300 | 152,800 | 454,000 |
| June      | 539,600 | 698,100 | 652,100 | 391,700 | 247,000 | 155,600 | 497,700 |
| July      | 553,000 | 715,100 | 604,200 | 389,200 | 237,300 | 161,200 | 537,000 |
| August    | 557,600 | 729,100 | 561,900 | 389,300 | 222,500 | 165,500 |         |
| September | 573,600 | 737,700 | 535,300 | 373,200 | 209,500 | 172,100 |         |
| October   | 596,900 | 727,700 | 511,300 | 369,100 | 192,200 | 186,800 |         |
| November  | 596,700 | 729,400 | 495,100 | 364,800 | 177,700 | 205,800 |         |
| December  | 602,500 | 715,200 | 496,600 | 350,000 | 169,000 | 225,300 |         |



# The Real Estate TRENDS

AUGUST 30  
1946

VOLUME XV

A concise monthly digest of real estate and construction  
fundamentals and trends.....A part of the complete  
service known as the Real Estate Analyst Reports.

Copyright 1946 - by ROY WENZLICK & CO. - Saint Louis  
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

## SALES PRICES

In our last bulletin we said that we thought the best time had arrived to sell single-family residences, particularly if they were not new and if they had considerable obsolescence. We received numerous requests for further advice from our clients regarding this paragraph in our report. One of the questions which was sent us was whether, if an owner of real estate had already shown a big profit for the year, the situation would still justify selling residential properties on which a large additional profit would be realized. If the profit can be taken as a long-term gain with the maximum of 25 per cent of the gain in taxes, we believe that it is still advisable to take the gain this year; but if the gain must be counted as regular income and if the tax is already quite high, it might be that it would pay to spread the sales over the next year or two, realizing, however, that the gross amount received will probably be less a year from now, and certainly less two years from now, but the net after taxes may be higher.

## REAL ESTATE ACTIVITY

Voluntary transfers of urban real estate slowed down slightly during the month of July, the last month for which figures are available. Our index of real estate activity showed it to be 79.9 per cent above the long-term computed normal. This compares with 86.3, the highest point in recent years reached in May. Each month from May has shown a slight decline from the peak. The peak, however, it should be remembered, was more than double the peak of the twenties.

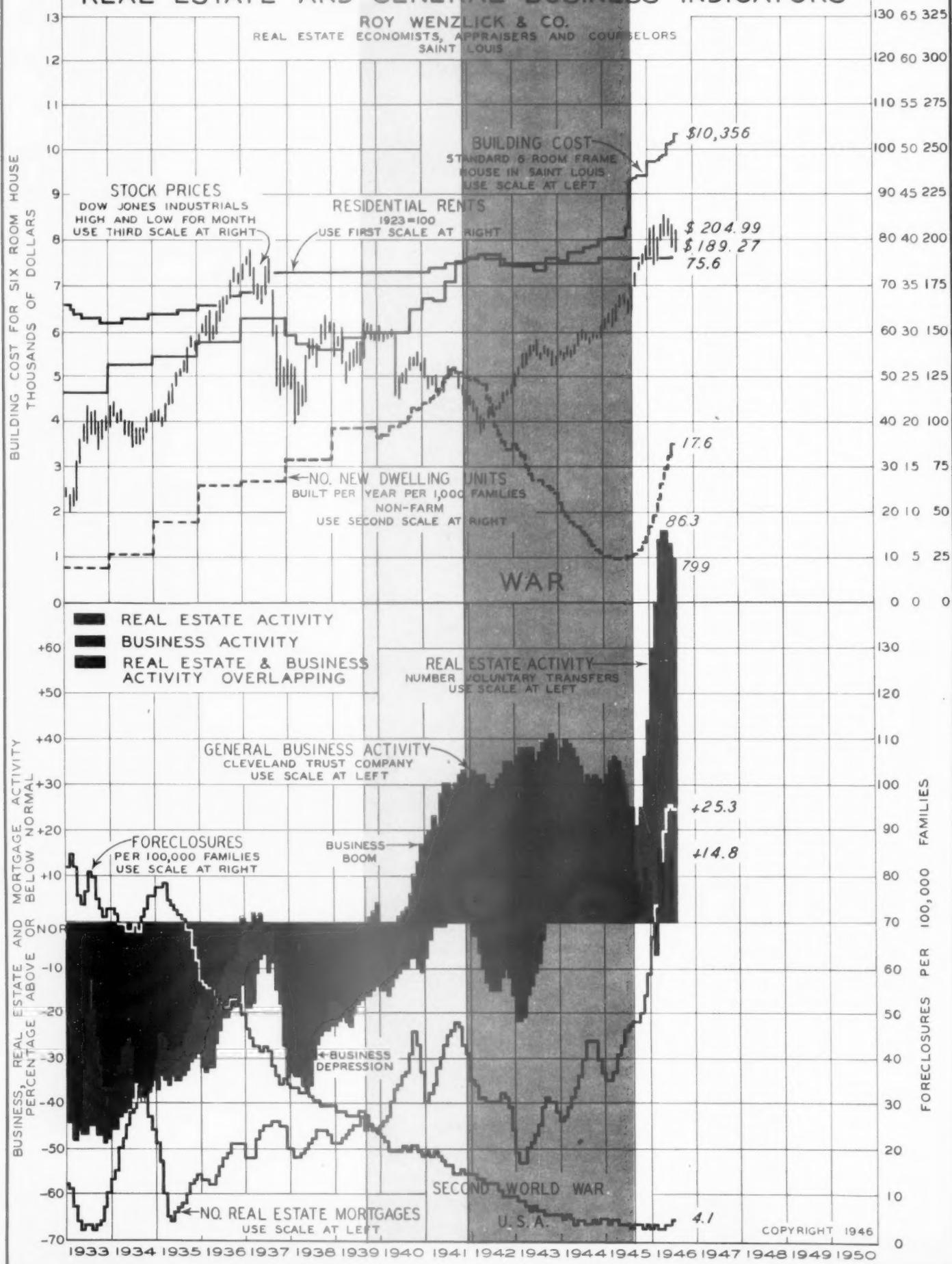
Farm real estate activity, after declining in 1945, rose again in 1946 and at the present time is running about 7 per cent above a year ago. This increase again in the activity rate on farms might indicate that still further rises are in the picture for farm properties. (See the chart on farm values on the following spread.)

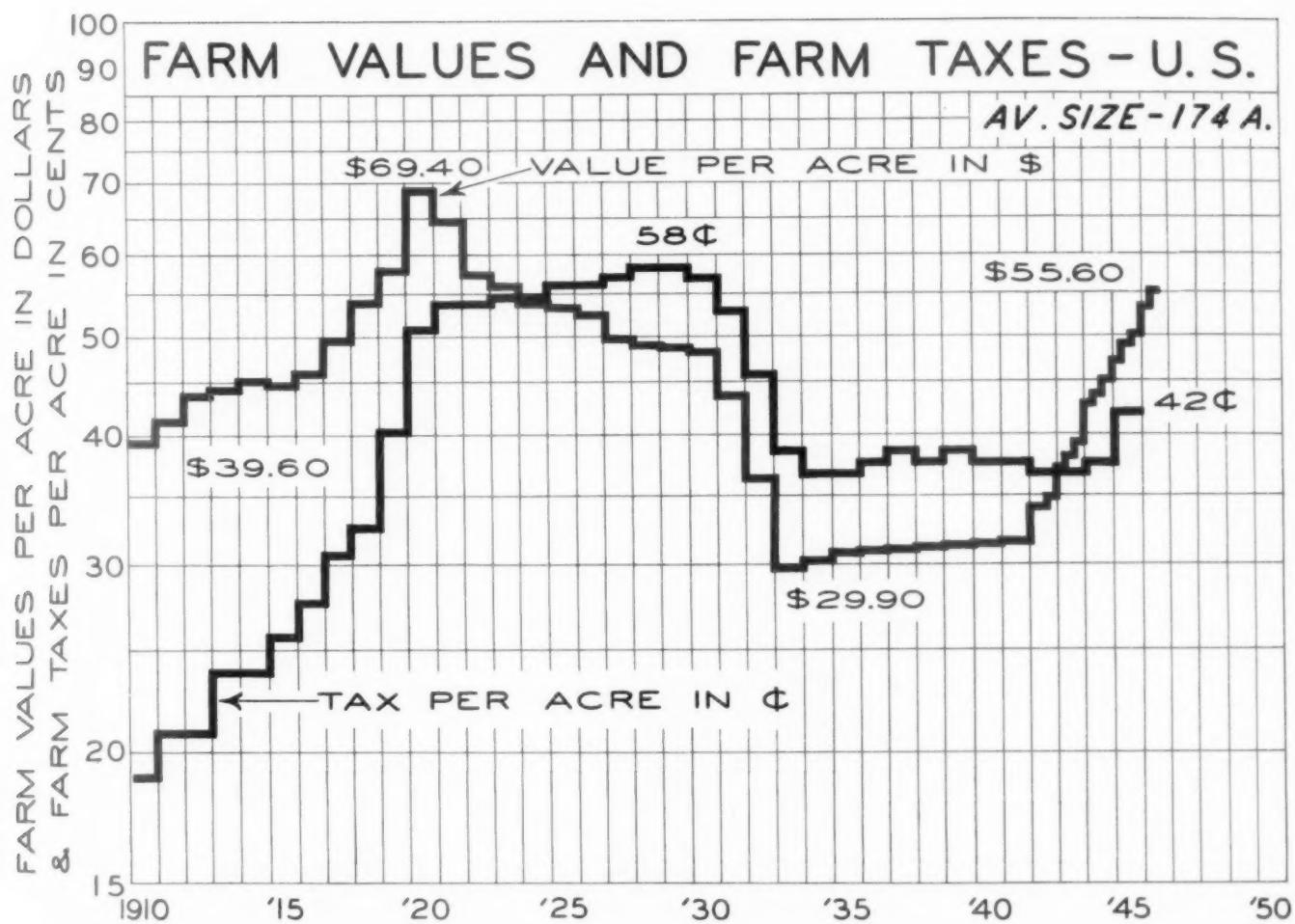
## REAL ESTATE MORTGAGES

Mortgage activity in July proceeded at about the same level as it did in June, neither showing any great advance or great drop. The figure for our long term chart showed it to be 25.3 per cent above normal. Apparently the difficulties which new construction is experiencing with the slowing down of transfers of existing property have affected the outlook for increased mortgage activity. It seems to us, however, that there is very slight chance of any great drop in mortgage activity during the balance of the year, and that it should proceed at least as high as it has been for the past few months.

# REAL ESTATE AND GENERAL BUSINESS INDICATORS

ROY WENZLICK & CO.  
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS  
SAINT LOUIS





Farm values started rising in the United States in the latter part of 1941. From March 1941 to July 1946, farm values have increased by 73 per cent. This contrasts with an increase of 75 per cent in farm values from 1910 to the peak in 1920. The chart above shows the trend of farm values from 1910 to the present. The red line on the chart shows the trend of farm taxes per acre over the same period.

If the period from 1935 to 1939 is considered as a prewar average, farm values in the United States at the present time are 77 per cent above this prewar level. The figures in the various States show considerable variation, however. Kentucky has had the largest percentage increase in its farm values, reaching a level 132 per cent above prewar. The lowest percentage of increase was in the State of Massachusetts where farm values at the present time are 29 per cent above the prewar level. The table below shows the percentage increase above prewar for each of the forty-eight States:

|       |     |       |      |       |     |       |      |          |     |        |     |
|-------|-----|-------|------|-------|-----|-------|------|----------|-----|--------|-----|
| Ala.  | 87% | Ga.   | 103% | Maine | 32% | N. C. | 122% | Ohio     | 98% | Tex.   | 61% |
| Ariz. | 73  | Idaho | 82   | Mass. | 29  | N. D. | 34   | Oklahoma | 76  | Utah   | 52  |
| Ark.  | 105 | Ill.  | 86   | Md.   | 78  | Nebr. | 43   | Ore.     | 86  | Vt.    | 43  |
| Cal.  | 91  | Ind.  | 115  | Mich. | 95  | Nev.  | 55   | Pa.      | 59  | Va.    | 91  |
| Colo. | 127 | Iowa  | 73   | Minn. | 52  | N. H. | 33   | R. I.    | 36  | Wash.  | 103 |
| Conn. | 41  | Kans. | 64   | Miss. | 102 | N. J. | 45   | S. C.    | 111 | Wis.   | 46  |
| Del.  | 67  | Ky.   | 132  | Mo.   | 79  | N. M. | 94   | S. D.    | 34  | W. Va. | 54  |
| Fla.  | 64  | La.   | 69   | Mont. | 96  | N. Y. | 47   | Tenn.    | 123 | Wyo.   | 106 |

# BUILDING COSTS OF A STANDARD SIX ROOM FRAME RESIDENCE BUILT IN SAINT LOUIS

Items are grouped into four classifications of material, four of labor and three of overhead. A further breakdown of these groups is given in detail below. Columns of the table are numbered, and a brief description of the items included in each is given in the paragraphs below. Paragraphs are numbered to correspond with the columns described. Building material costs are indicated by the letter **M**; corresponding **labor** items, in red, by the letter **L**.

The **labor** items are shown in Column 10, **Building Hardware**, as they have already been included in Column 5, **Millwork**.

## Group A

(1) Masonry: Cement, sand, gravel, quick lime, hydrated lime, hard wall plaster, face and common brick, fire brick, flue lining.

(2) Tile Work: 4<sup>4</sup> x 4<sup>4</sup> wall tile, ceramic floor tile, cap and base.

## Group B

(3) Unfinished Lumber: Columns, beams, floor and ceiling joists, interior and exterior studs, rafters, bracing, etc.

(4) Finished Lumber: Sub-flooring, sheathing, bevelled siding, finished floors, asphalt shingle roofing, roofing felt, tar paper, shutters, etc.

(5) Millwork: Windows, doors, trim, kitchen cabinet, stairs.

## Group C

(6) Heating: Boiler, insulating jackets, fittings, tools, pipes, con-

nections, valves and radiation.

(7) Plumbing: Soil pipes and connections, stack, water pipe and connections, lead, oakum and bathroom fixtures; hot water heater and tank to be furnished by others.

## Group D

(8) Sheet Metal: Galv. iron (present) gutters, downspouts, flashing.

(9) Electrical Work: Main switch, BX cable, switch boxes, receptacles, transformer, etc. No fixtures included.

(10) Nails and Hardware: Common and wire nails, bolts, camper, etc. doors, finish hardware.

(11) Painting: White lead, linseed oil, turpentine.

(12) Miscellaneous: Metal and wood laths, corner bead, insulation.

## Total Material and Labor Costs

## Group E

(13) Overhead and profit of subcontractors in plastering, metal work, heating, plumbing, electrical work and tile work.

(14) General contractor's profit.

(15) Missouri sales tax (now 7% on materials), old age and unemployment tax (Federal and State), liability and employees' compensation insurance, fire and tornado insurance, completion bond.

(16) Total overhead, profit and other costs.

## TOTAL CONSTRUCTION COST

| YEAR    | GROUP A |       | GROUP B |      | GROUP C |       | GROUP D |       | GROUP E |       | TOTAL |       |       |       |      |      |      |      |      |      |      |      |      |        |        |       |       |       |       |        |
|---------|---------|-------|---------|------|---------|-------|---------|-------|---------|-------|-------|-------|-------|-------|------|------|------|------|------|------|------|------|------|--------|--------|-------|-------|-------|-------|--------|
|         | (1)     | (2)   | (3)     | (4)  | (5)     | (6)   | (7)     | (8)   | (9)     | (10)  | (11)  | (12)  | Total | (13)  | (14) | (15) | (16) |      |      |      |      |      |      |        |        |       |       |       |       |        |
|         | M       | L     | M       | L    | M       | L     | M       | L     | M       | L     | M     | L     | M     | L     | M    | L    | M    | L    |      |      |      |      |      |        |        |       |       |       |       |        |
| 1913    | \$343   | \$388 | \$24    | \$13 | \$218   | \$101 | \$428   | \$134 | \$350   | \$121 | \$152 | \$136 | \$231 | \$110 | \$65 | \$12 | \$36 | \$49 | \$59 | \$16 | \$64 | \$51 | \$18 | \$1973 | \$1146 | \$248 | \$337 | \$132 | \$717 | \$3836 |
| 1914    | 362     | 388   | 25      | 13   | 212     | 101   | 415     | 134   | 349     | 121   | 147   | 136   | 246   | 110   | 59   | 12   | 35   | 49   | 59   | 16   | 64   | 50   | 18   | 1973   | \$1146 | 248   | 337   | 132   | 717   | 3836   |
| 1915    | 360     | 388   | 24      | 13   | 189     | 106   | 373     | 145   | 329     | 131   | 152   | 144   | 284   | 116   | 60   | 12   | 35   | 52   | 74   | 17   | 69   | 48   | 19   | 1911   | 1197   | 257   | 337   | 135   | 729   | 3837   |
| 1916    | 360     | 396   | 24      | 13   | 224     | 106   | 436     | 145   | 363     | 131   | 263   | 144   | 309   | 116   | 101  | 12   | 35   | 52   | 96   | 29   | 69   | 59   | 19   | 2295   | 1205   | 295   | 375   | 142   | 810   | 4847   |
| 1917    | 426     | 413   | 25      | 14   | 255     | 109   | 500     | 146   | 396     | 132   | 284   | 152   | 359   | 122   | 108  | 12   | 35   | 54   | 110  | 28   | 69   | 59   | 19   | 2616   | 1242   | 326   | 412   | 158   | 899   | 4734   |
| 1918    | 139     | 421   | 25      | 15   | 292     | 118   | 570     | 158   | 446     | 143   | 322   | 152   | 309   | 124   | 95   | 14   | 32   | 54   | 118  | 35   | 75   | 73   | 21   | 2624   | 1295   | 346   | 457   | 163   | 967   | 518    |
| 1919    | 149     | 453   | 25      | 15   | 519     | 128   | 1008    | 170   | 789     | 154   | 290   | 160   | 349   | 130   | 93   | 15   | 35   | 57   | 113  | 31   | 81   | 112  | 23   | 2928   | 1386   | 348   | 566   | 187   | 1099  | 6409   |
| 1920    | 742     | 463   | 28      | 17   | 607     | 183   | 1189    | 243   | 1330    | 220   | 305   | 184   | 372   | 150   | 83   | 21   | 62   | 66   | 143  | 36   | 116  | 132  | 32   | 4713   | 1695   | 366   | 677   | 227   | 1270  | 7670   |
| 1921    | 674     | 501   | 25      | 18   | 479     | 188   | 926     | 250   | 506     | 225   | 273   | 192   | 466   | 156   | 64   | 22   | 39   | 69   | 94   | 35   | 119  | 154  | 33   | 3664   | 1773   | 372   | 581   | 215   | 1167  | 6615   |
| 1922    | 609     | 506   | 25      | 18   | 362     | 174   | 703     | 232   | 571     | 209   | 285   | 204   | 433   | 156   | 66   | 20   | 35   | 73   | 79   | 28   | 111  | 81   | 3248 | 1744   | 370    | 536   | 205   | 1111  | 5183  |        |
| 1923    | 633     | 576   | 25      | 21   | 410     | 200   | 793     | 265   | 551     | 242   | 267   | 227   | 430   | 184   | 70   | 23   | 35   | 81   | 94   | 38   | 128  | 90   | 36   | 3429   | 1956   | 407   | 582   | 286   | 1217  | 6032   |
| 1924    | 610     | 703   | 25      | 108  | 401     | 246   | 774     | 328   | 492     | 296   | 274   | 277   | 366   | 224   | 64   | 28   | 35   | 100  | 97   | 35   | 156  | 87   | 44   | 3521   | 2510   | 527   | 656   | 274   | 1457  | 7481   |
| 1925    | 666     | 684   | 25      | 108  | 375     | 251   | 732     | 335   | 472     | 302   | 273   | 255   | 311   | 207   | 68   | 29   | 37   | 92   | 99   | 37   | 159  | 83   | 45   | 3474   | 2467   | 508   | 638   | 267   | 1413  | 7204   |
| 1926    | 666     | 653   | 25      | 108  | 379     | 240   | 732     | 320   | 432     | 268   | 264   | 244   | 351   | 197   | 69   | 27   | 37   | 87   | 96   | 36   | 152  | 83   | 43   | 3316   | 2399   | 499   | 617   | 254   | 1370  | 7044   |
| 1927    | 606     | 621   | 25      | 108  | 354     | 228   | 715     | 304   | 358     | 275   | 251   | 184   | 395   | 159   | 67   | 26   | 37   | 66   | 84   | 33   | 145  | 80   | 41   | 3190   | 2157   | 469   | 532   | 237   | 1282  | 6031   |
| 1928    | 663     | 541   | 26      | 21   | 410     | 200   | 793     | 265   | 551     | 242   | 267   | 227   | 430   | 184   | 71   | 21   | 35   | 81   | 94   | 38   | 128  | 90   | 36   | 3429   | 1956   | 407   | 582   | 286   | 1217  | 6032   |
| 1929    | 665     | 541   | 26      | 19   | 360     | 184   | 687     | 244   | 354     | 220   | 270   | 184   | 346   | 151   | 82   | 21   | 45   | 66   | 93   | 33   | 116  | 71   | 39   | 3166   | 1956   | 438   | 545   | 213   | 1196  | 5213   |
| 1930    | 474     | 422   | 19      | 19   | 340     | 135   | 655     | 181   | 312     | 164   | 261   | 140   | 71    | 75    | 15   | 49   | 50   | 72   | 73   | 87   | 211  | 24   | 2954 | 1429   | 380    | 479   | 175   | 1034  | 5447  |        |
| 1931    | 411     | 342   | 15      | 57   | 513     | 106   | 594     | 145   | 264     | 131   | 266   | 112   | 322   | 91    | 58   | 12   | 38   | 46   | 61   | 31   | 70   | 198  | 39   | 2655   | 1147   | 317   | 412   | 146   | 477   | 4450   |
| 1932    | 438     | 342   | 13      | 51   | 266     | 108   | 532     | 145   | 569     | 131   | 210   | 112   | 286   | 91    | 56   | 12   | 38   | 46   | 60   | 28   | 70   | 199  | 39   | 2507   | 1141   | 295   | 395   | 142   | 832   | 4450   |
| 1933    | 657     | 342   | 13      | 51   | 355     | 103   | 562     | 145   | 344     | 131   | 208   | 112   | 270   | 91    | 62   | 12   | 38   | 46   | 54   | 26   | 70   | 214  | 39   | 2700   | 1141   | 291   | 413   | 146   | 350   | 4491   |
| 1934    | 540     | 342   | 12      | 51   | 439     | 103   | 713     | 145   | 494     | 131   | 234   | 112   | 279   | 91    | 65   | 12   | 37   | 40   | 63   | 26   | 70   | 222  | 39   | 3217   | 1141   | 299   | 406   | 154   | 919   | 3277   |
| 1935    | 508     | 422   | 11      | 67   | 399     | 135   | 631     | 181   | 583     | 164   | 286   | 140   | 299   | 114   | 43   | 15   | 48   | 50   | 68   | 26   | 87   | 229  | 47   | 3041   | 1304   | 300   | 461   | 174   | 955   | 3405   |
| 1936    | 606     | 490   | 11      | 67   | 364     | 159   | 655     | 209   | 494     | 188   | 266   | 200   | 301   | 131   | 50   | 19   | 48   | 57   | 59   | 27   | 98   | 281  | 53   | 3071   | 1631   | 344   | 506   | 239   | 1195  | 5792   |
| 1937    | 563     | 512   | 11      | 67   | 395     | 186   | 742     | 245   | 578     | 221   | 247   | 160   | 326   | 126   | 54   | 28   | 59   | 57   | 64   | 31   | 104  | 266  | 53   | 3306   | 1634   | 319   | 424   | 187   | 6291  | 3291   |
| 1938    | 608     | 425   | 10/3    | 67   | 350     | 157   | 647     | 204   | 571     | 179   | 241   | 160   | 297   | 134   | 47   | 19   | 56   | 51   | 66   | 28   | 88   | 222  | 48   | 3106   | 1532   | 333   | 494   | 166   | 1333  | 3771   |
| 1939    | 513     | 585   | 10/3    | 77   | 360     | 159   | 660     | 211   | 513     | 193   | 239   | 160   | 277   | 133   | 49   | 19   | 57   | 64   | 29   | 109  | 192  | 56   | 2096 | 1695   | 344    | 505   | 323   | 1178  | 3794  |        |
| Ja 1940 | 518     | 538   | 10/3    | 71   | 374     | 158   | 679     | 215   | 160     | 282   | 131   | 48    | 171   | 307   | 57   | 65   | 39   | 93   | 193  | 61   | 3129 | 1702 | 312  | 516    | 327    | 1195  | 6126  |       |       |        |
| Ap 1940 | 510     | 538   | 10/3    | 71   | 371     | 158   | 651     | 215   | 236     | 285   | 131   | 53    | 17    | 51    | 57   | 65   | 30   | 93   | 193  | 61   | 3109 | 1702 | 312  | 516    | 327    | 1195  | 6035  |       |       |        |
| J1 1940 | 510     | 538   | 10/3    | 71   | 371     | 158   | 651     | 215   | 236     | 285   | 131   | 53    | 17    | 51    | 57   | 65   | 30   | 93   | 193  | 61   | 3108 | 1702 | 312  | 516    | 327    | 1195  | 6035  |       |       |        |
| O 1940  | 510     | 542   | 10/5    | 86   | 494     | 162   | 763     | 218   | 284     | 160   | 296   | 161   | 63    | 17    | 31   | 57   | 66   | 38   | 93   | 203  | 75   | 3452 | 1768 | 356    | 604    | 321   | 1300  | 6054  |       |        |
| Ja 1941 | 515     | 640   | 145     | 86   | 493     | 182   | 804     | 243   | 445     | 219   | 242   | 160   | 266   | 161   | 62   | 19   | 58   | 67   | 33   | 104  | 203  | 75   | 3507 | 1956   | 350    | 585   | 375   | 1345  | 6797  |        |
| Ap 1941 | 517     | 639   | 145     | 86   | 463     | 182   | 771     | 243   | 633     | 219   | 210   | 180   | 274   | 149   | 68   | 19   | 58   | 63   | 39   | 131  | 202  | 75   | 3432 | 199    | 396    | 581   | 376   | 1355  | 6775  |        |
| J1 1941 | 510     | 650   | 145     | 86   | 563     | 220   | 802     | 279   | 635     | 252   | 250   | 180   | 274   | 149   | 69   | 19   | 58   | 72   | 34   | 131  | 202  | 75   | 3436 | 210    | 396    | 623   | 397   | 1416  | 7140  |        |
| O 1     |         |       |         |      |         |       |         |       |         |       |       |       |       |       |      |      |      |      |      |      |      |      |      |        |        |       |       |       |       |        |



## FORECLOSURES

In July of 1946 our foreclosure index stood at an annual rate of 4.1 foreclosures per hundred thousand families. This is a slight decrease over the figure of 4.6 foreclosures per hundred thousand families in June. It is slightly higher than the low point reached in February of 3.2 and it is also higher than the figure of 3.4 for July of a year ago.

Foreclosures have been proceeding at extremely low levels for the last three years, and it seems quite doubtful whether foreclosures will increase by any marked percentage during 1946 or 1947. Until foreclosures advance successively month after month by fairly large amounts, there will be no indication that the real estate boom is coming to an end.

## RESIDENTIAL BUILDING

During the month of July permits were issued in nonfarm areas of the United States for 59,400 dwelling units. This is the third month in which the number of permits issued for dwelling units has declined. We reached a peak in April with 71,200. The figure for May was 69,200, the figure for June was 64,000 and for July, 59,400. This is not the usual seasonal movement.

The figure on our chart of the number of new dwelling units built per year per thousand nonfarm families has risen from 16.3 for the twelve months ending in June to 17.6 for the twelve months ending in July.

## CONSTRUCTION COSTS

The cost of building our standard six-room frame residence in St. Louis on August 20 was \$10,356.

This is an increase of \$200 over the figure on July 15. The increase was divided, \$33 in materials, \$121 in labor items, and \$46 in overhead items. This figure is 76 per cent above the cost of building the same house at the time that the war started in Europe.

It is our belief that building costs will continue to climb until some time in 1947, when they will reach their peak.

## RENTS

It is now quite apparent that no relief can be expected for property owners who are renting units during the balance of 1946 and with only slight hopes for the first part of 1947. With the expiration of price control in 1947, however, it seems probable that some arrangement will be made for increasing rents slightly. The increase will in all probability be insufficient to provide an adequate return, but will be about the best that can be expected.

It is generally assumed, particularly by persons depending on political favors, that renters are in the great majority and that property owners are generally wealthy individuals in a very great minority and, therefore, persons who can be ignored. It might be well for these persons to study the published report of the Bureau of Internal Revenue. In these reports income taxes are analyzed by years and by type of income received. We find from the 1942 report, which is the last one available, that rents (including royalties) accounted for \$1,956,567,000 worth of income, and of this \$495,541,000 was collected by individuals with over \$5000

of net income. This is 25.3 per cent of the total, which would indicate that persons with less than \$5000 net income collected 74.7 per cent of all rents and royalties collected by individuals in the United States. This would indicate that by far the larger percentage of property owners are persons who own one, two, or three units probably in the same building in which they live, and that in the aggregate this small rental business covers approximately three-fourths of the rental units in the United States. The continued injustice to this group in present rent control policies will eventually make them vocal and a political force to be reckoned with.

#### BUSINESS ACTIVITY

Business activity has continued to follow its erratic course. During the last month for which figures are available, it was 14.8 per cent above

the long-term computed normal. It seems to us that business during the balance of 1946 will be better than business sentiment and, particularly, speculative sentiment would indicate at the present time. While we believe there is a decided possibility that by some time in 1947 general business will show a marked decline accompanied by a drop in prices, it seems improbable that this will occur before next spring and probably later. Until then most business concerns should experience large volumes with reasonable profits for low-cost producers. While many people are being priced out of the market, there are still sufficiently large numbers with available cash to take up practically all of the production capacity during this year and the first part of next. We also think that the probability of very wide-scale labor trouble this fall has been over-discounted. Many of the unions which have undergone prolonged strikes are finding their treasuries badly depleted and their ability to wage protracted additional strikes considerably limited. It seems to us that new demands in most cases will be delayed until after the election; and if they are delayed until industry is in full production, additional wage rates can be granted without, at that time, increasing prices by a comparable percentage. Had the unions waited before until production was well under way, it would have been possible to grant increases to many groups without the increases in prices which we have had accompanying the last wage changes.

#### STOCK MARKET

In our last report for July 31, we said: "The general pessimism among investors, however (not shared as a rule by business), may bring on

a sizable readjustment downward before the upward movement is continued. We would suggest a 'watchful waiting' policy on the market, accumulating cash reserves until the present obscure situation is sufficiently clarified to make it possible to invest rather than to speculate." At the time that this report is being written, this readjustment has been taking place. The market has had some very sizable drops due to war scares and an attempted discounting of labor troubles and of increasing inventories, probably trying to discount the depression of 1947.

It is our belief that there is insufficient reason for the drops in the market at the present time, but we also realize that if enough people are mistaken about the situation, their very pessimism may bring about the condition that they are trying to discount. That is about our feeling on the market at the present time. The tremendous drop has aroused so much pessimism that the market may go further before it shows any substantial recovery. We also think it probable that recovery will be rather slow for a while. Stocks seem under-priced at today's level.